# FINANCIAL TIMES

No. 27,255 Tuesday April 26 1977 **12p





CONTINENTAL SELLING PRICES: AUSTRIA Sch.15; BELGIUM Fr.25; DENMARK Kr.3.5; FRANCE Fr.3.0; GERMANY DM2.0; ITALY L.500; NETHERLANDS Fl.2.0; NORWAY Kr.3.5; PORTUGAL Esc.20; SPAIN Pts.40; SWEDEN Kr.3.25; SWITZERLAND Fr.2.0; EIRE 12p

## NEWS SUMMARY

### GENERAL

## Tyndale six are sacked

Six North London teachers who went on strike at William Tyndale School, Islington, because parents protested at indiscipline and poor teaching, have been sacked without notice after an Inner London Education Authority disciplinary hearing.

The six, who include Mr. Terry Ellis, Tyndale's former headmaster, said that they would appeal against the decision and called for a mass stoppage of London teachers.

They are expected to press their demand at next week's meeting of the North London Teachers' Association and may take their case to an industrial tribunal. Page 11

### Ulster's crime fuels terror

Evidence of widespread fraud and extortion in Northern Ireland, particularly in the building industry, has come to light. There are clear indications that the proceeds of rackets are fuelling the activities of the Provisional and Official IRAs on one side, and Loyalist private armies such as the illegal Ulster Volunteer Force on the other. Back, Pages 7 and 20

### Berlin on agenda

Berlin will be among the topics discussed when President Carter and Mr. James Callaghan attend a conference of four Heads of Government at Downing Street next month. The other participants will be President Giscard d'Estaing of France and Chancellor Schmidt of West Germany.

### Airlines to pay

British Airways was ordered to pay £450 after admitting four offences under the Transit of Animals Act involving the handling of two otters found dead in a packing case. Saudi Arabian Airlines was fined £600 with £50 costs for breaking the anti-rabies law when it failed to notice that a 13-year-old Saudi prince had brought two whippets to London in a cardboard box

### Confidence vote

Mr. John Ennals, director of the Government - sponsored Immigrants Advisory Service and older brother of the Social Services Secretary, has been given a vote of confidence by the group's executive council after an independent inquiry by Mr. Tom Critchley, a former senior Home Office official.

### Guerillas' threat

El Salvador urban guerillas, who kidnapped Sr. Mauricio Borgonovo Pohl, the Foreign Minister, seven days ago, said that he would be executed to-morrow if a demand for the release of political prisoners was not met.

### Walworth plan

The Labour Party is asking trade union leaders to contribute the main part of a £1.8m. fund to enable the party headquarters to move from Transport House to the Walworth Road in S.E. London.

### Briefly...

Mr. Tom Litterick, the Left-wing Labour MP who is recovering from a heart attack, has suffered a relapse, according to a woman friend.

Sir William Russell Flint watercolours achieved record auction prices at Phillips yesterday. Top price was £8,200 for Dance of a Thousand Flounces. Saleroom, Page 2

Ethiopia has ordered the three Western correspondents based in Addis Ababa to leave the country within 48 hours. Page 5

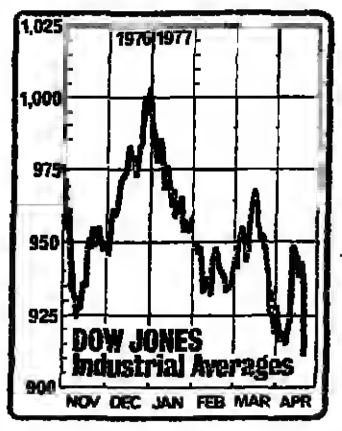
Downton Tanning of Wiltshire shares the Angling Foundation awards for achievements in the fight against water pollution with BP, British Steel, Courtaulds and Ford Motors.

Mr. Edward Heath was stranded in Madrid after a strike by Iberia Airlines' ground personnel led to the cancellation of all its national and international flights.

### BUSINESS

## Wall St. off 12.47; gold falls $1\frac{3}{4}$

● WALL STREET felt for the third day running—closing at 914.60, down 12.47. Market sentiment was affected by concern about U.S. energy policy and possible credit-tightening.




● EQUITIES drifted down in a quiet start to the Account. The FT 30-Share Index closed slightly above the day's worst at 419.0, down 3.3. Properties were firm on the trend to cheaper credit.

● GILTS were steady at the short end of the market, but longer dated stocks shed up to ¼. The FT Government Securities Index fell 0.14 to 68.61.

● STERLING edged up 7 points to close at \$1.7192½, while its trade-weighted index was unchanged at 61.7. Dollar's trade-weighted depreciation widened to 1.05 (0.99) per cent.

● GOLD fell \$1.75 to \$148.375.

● U.S. TREASURY Bill rates rose at the weekly auction: threes were 4.518 (4.49), sixes 4.838 (4.708) per cent.

● U.S. ADMINISTRATION has revised its economic forecasts and now expects higher inflation and slightly lower real growth this year. Page 4

● TWO WEST GERMAN banks, Dresdner Bank and Westdeutsche Landesbank, have extended a DM2.5bn. credit to the Soviet Union to finance purchases of West German chemical plants. Page 6

## Shell raises petrol prices

● SHELL has put up wholesale prices by 3.1p a gallon for five-star petrol and 2.1p for other grades. After VAT is added, most motorists face an extra charge of 2½p a gallon, while the dwindling number who use five-star will probably have to pay an extra 3½p. Other oil companies are seeking permission to put up prices.

● HITACHI is likely to be permitted to make TV sets in north-east England if it agrees to certain conditions. One issue still to be settled is whether Hitachi will agree to use a British-made picture tube in the sets. Back Page

● BRITISH CALEDONIAN has applied for permission to operate new services to the Continent, with flights linking Gatwick with Copenhagen and Düsseldorf and linking Glasgow and Newcastle with Paris. Page 11

● HEATHROW strikers will hold another meeting to-morrow to hear the result of further talks on their dispute with British Airways. The men voted yesterday to keep the dispute running into its fourth week. Page 12

### COMPANIES

● RTZ has been granted exemption by the Treasury from all U.K. dividend controls and will increase its 1976 dividend by nearly 50 per cent. Back Page

● JOHN LAING earned a record pre-tax profit of £16.25m. (£12.59m.) in 1976. Page 24 and Lex

### CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

| RISES | | |
|---|---|---|
| Funding 5¼pc '78-80 | £92¼ | + ¼ |
| Camelia Invs. | 224 | + 12 |
| De Vere Hotels | 156 | + 5½ |
| Dutton-Forshaw | 32 | + 4 |
| Fairbairn Lawson | 48 | + 6 |
| Farnell Elect. | 128 | + 13 |
| Gill and Duffus | 229 | + 7 |
| Group Lotus | 29 | + 3 |
| Hay's Wharf | 151 | + 47 |
| Lee Cooper | 92 | + 4 |
| Laird Group | 58½ | + 3½ |
| Lilley (F. J. C.) | 53 | + 6 |
| Marshall Cavendish | 47 | + 4 |
| Morris (Herbert) | 293 | + 6 |
| Reyrolle Parsons | 178xd | + 17 |
| Rowton Hotels | 122 | + 7 |
| Swan Hunter | 120 | + 8 |
| Tollemache Cobbold | 135 | + 8 |
| Trust Houses Forte | 146 | + 5 |
| United Wire | 64 | + 8 |
| Whatmn. Reeve Angel | 280 | + 15 |
| Wilson (Connolly) | 61xd | + 6 |
| Assam Invs. | 90 | + 8 |
| Longhourne | 205 | + 7 |
| Scoa Rubber | 230 | + 30 |
| Warren Plants. | 177 | + 7 |
| Anglo-Vaal | 560 | + 40 |
| **FALLS** | | |
| Exch. 12¼pc 1992 (£35 Paid) | £54¼ | − ¼ |
| Common Bros. | 282 | − 16 |
| GKN | 296xa | − 5 |
| ICI | 349 | − 7 |
| Laing (J.) | 91 | − 4 |
| BP | 910 | − 14 |
| Pancontinental | £11¼ | − ¼ |

# Shopworkers back TUC package for pay restraint

By DAVID CHURCHILL, LABOUR STAFF IN SCARBOROUGH

**The Government's bid to win the support of big trade union conferences for another year of pay policy started well yesterday, when the 400,000-member shopworkers' union endorsed the social contract and the principle of continued wage restraint.**

Delegates to the Union of Shop, Distributive and Allied Workers' annual conference in Scarborough, the first big manual union conference of the year, voted by over 2 to 1 to accept a new pay policy when the present agreement expires on July 31.

The result was not unexpected from this traditionally moderate union. But the strength of Left-wing delegates' opposition to a new agreement was a warning of rank-and-file concern over high unemployment and rising prices.

Significant, too, was the speech from Lord Allen, USDAW general secretary and chairman of the TUC economic committee.

He spelt out the eight-point package being put forward by the TUC economic committee for "creating the right economic and social climate for agreement on a Phase Three pay policy."

The package covered:

● A permanent system of selective price controls, as a necessary corollary to any form of wage controls.

● Abolition of all or most income tax incurred by low-paid workers.

● Re-introduction of subsidies on basic foods.

● Reform of the EEC's Common Agricultural Policy to avoid surpluses and high prices.

● Further investment funds of £1bn. a year for the National Enterprise Board.

● Temporary and selective import controls.

● No declaration of redundancies without Department of Employment approval.

● Control of sterling "speculation" in the City.

Lord Allen said that the TUC's package was not "a collection of pipe-dreams."

"It is a hard-headed, practical, comprehensive plan to get the economy moving forward. I take heart from what the Chancellor said on Sunday that we have not heard his final word on some of these issues.

"The TUC will certainly expect a more adequate reply and either some amendments to the Finance Bill or, if necessary, an autumn budget."

The appeal to the conference on Sunday by Mr. Denis Healey, Chancellor, for union support to save the Labour Government was heeded by delegates.

On a card vote, the conference accepted the executive's economic document supporting a new pay policy by 208,742 votes to 93,825.

A resolution against a new deal, and calling for a 15 per cent. rise in earnings, was rejected by a smaller margin—186,654 to 107,257.

A third resolution, carried overwhelmingly by a show of hands, demanded a "return to productivity bargaining, the re-introduction of sensible differentials and shift premiums" as part of a new pay deal.

During yesterday's debate, Lord Allen made an impassioned plea to delegates to put their "loyalty and trust" in the TUC and Government. Otherwise, they would face the harsh consequences of a wages' free-for-all.

Next week, the social contract and the future of voluntary wage control will come under much stronger fire, from the national committee of the Amalgamated Union of Engineering Workers.

This body makes policy for the AUEW's engineering section and because of its size, for the whole 1.4m.-member amalgamated union.

# Three Credit Suisse men held for 'investigation'

BY JOHN WICKS ZURICH, April 25.

THREE SENIOR OFFICERS of Crédit Suisse's branch in Chiasso, in the Italian part of Switzerland, were arrested to-day and placed in "investigative custody."

The arrests have been made in connection with the substantial losses incurred as a result of what Crédit Suisse—one of Switzerland's big three banks—alleged to be "the criminal practices of the management of the Chiasso branch."

Credit Suisse stated that it was still unable to put a precise figure on the extent of its losses, which would depend on the value of assets held by Texon-Finanzanstalt, a Liechtenstein-based holding company named in the statement as the one into which clients' fiduciary accounts with the Chiasso branch were channelled. Crédit Suisse has not revised its initial loss estimate of Sw.Frs.250m. (£57.3m.).

The funds lent to Texon, says Credit Suisse, were subsequently used to purchase stakes in third companies.

Credit Suisse shares slumped on the Zurich stock exchange, after the issue of the statement. Bearer shares fell by Sw.Frs.300 to Sw.Frs.2,350, and registered shares by Sw.Frs.30 to Sw.Frs.425.

The price of its Eurobond convertible fell in line with the share price from 95 to 96 at the close on Friday to 89 to 91 at the close yesterday.

The three men arrested are Ernst Kuhrmeier, general manager of the Chiasso branch, and Claudio Laffranchi and Meinrad Perler, both managers.

The Public Prosecutor said to-night that he had arrested the men on suspicion of mismanagement and falsifying documents.

Texon-Finanzanstalt has a fully paid-up capital of Sw.Frs. 500,000, which is very high for a holding establishment of the "anstalt" type.

Its Board members are Signor Alfredo Noseda, of the Chiasso law firm of Noseda and Maspoli, and the Vaduz lawyers Herr Franz Gstoehl and Herr Harry Gstoehl.

Sig. Noseda and Herr Harry Gstoehl are also Board members of the Liechtenstein Winefood group affiliate International Wine and Food Company, of Mauren. Herr Franz Gstoehl is Winefood's representative in Liechtenstein.

The Gstoehl law firm in Vaduz to-day declined to comment on the Credit Suisse statement, and Sig. Noseda in Chiasso was not available for comment.

The Liechtenstein registrar of companies said to-day that Dr. Hugo von der Crone is being registered as a new Board member of Texon. Dr. von der Crone is the legal adviser to Crédit Suisse, which to-day confirmed his joining the Texon Board to look after the bank's interest.

Texon's assets, which are now at the disposal of the Crédit Suisse, include the capital of numerous companies of the Winefood, Albarella-Mare and Ampaglas groups.

Of these groups, Winefood has a substantial share of Italian wine production and is involved in the catering and related sectors, while Albarella runs a holiday resort area near Venice. Ampaglas operates plastics plants and other factories.

Crédit Suisse also re-affirmed its initial undertaking that no clients of the Chiasso branch would lose money. The Lugano public prosecutor had spoken of "1,000 Italian clients of the Chiasso branch."

The bank again confirms that even the "greatest conceivable loss" involved would be substantially below Crédit Suisse reserves.

The bank's profits situation is good, and profits were up by 10 per cent. in the first quarter of this year over the same period of last year. Crédit Suisse adds that the revised profits budget foresees no alteration in dividend policy.

Indirectly confirming recent Stock Exchange reports that Crédit Suisse has supported its own share prices, the statement says that shares taken up by the bank in the last few days have been placed with interested parties.

Questions still unanswered, Page 28

# Bitter wrangling over butter subsidy at EEC farm talks

BY ROBIN REEVES LUXEMBOURG, April 25.

COMMON MARKET agriculture Ministers were making heavy weather in Luxembourg this evening of what promises to be the last stage of their 1977-78 EEC farm price negotiations. These were broken off last month after Britain's insistence on a massive butter subsidy to offset the higher cost of other food items in the shopping-basket.

The remaining issue is the precise amount of the special EEC consumer subsidy on U.K. butter prices which Mr. John Silkin, the U.K. Minister of Agriculture, wants in return for agreeing to higher farm and food prices and a devaluation of the green pound.

Other EEC Ministers showed no inclination, however, to give in slightly to a revised British demand.

## Protests

The hostility generated by Mr. Silkin's tough negotiating tactics still lingered in the Council. This particularly showed itself when Mr. Finn Gundelach, the Brussels Commissioner for Agriculture, proposed seeing Ministers individually to discuss an improvement in the butter subsidy offer.

Several Ministers protested that they saw little reason to discuss anything in excess of the Commission's March "final offer" of 8p a pound (30 units of account per 100 kilos).

The British Government has revised its demand to a 10p a pound subsidy (38u.a. per 100 kilos) in exchange for agreeing to a 3 per cent. green pound devaluation. This would reduce the monetary compensatory subsidies on U.K. food imports by 4 percentage points to 32.3 per cent.

By offsetting an increase in the butter intervention level, the subsidy would keep retail butter prices more or less steady for the rest of the year. It would not be enough, though, to offset a 6p a pound rise next January 1 as a result of the last stage of transition to full EEC prices.

The French delegation strongly opposed a U.K. butter subsidy large enough to reduce prices, even though this would be for only three months.

In spite of the bad-tempered, last-minute bickering, the signs were that an EEC farm prices' package would still be completed either late this evening or to-morrow morning.

Pig industry, Page 33.

# Banks cut loans cost

BY MICHAEL BLANDEN

THE cost of bank loans was cut again yesterday as the big banks announced a drop in their base lending rates from 9½ to 9 per cent.

The change was accompanied by a ½ per cent. cut to 4½ per cent. in the rates paid by banks on seven-day branch deposits.

The recent downward trend in rates makes it almost certain that building societies will consider another cut in the mortgage rate, after the reduction from 12¼ to 11¼ per cent., which takes effect at the beginning of next month.

The mortgage rate could be cut by at least another 1 per cent., but the societies are expected to wait until June or July before making a final decision.

Their inflow of funds has begun to recover substantially, with net investment expected to exceed £300m. this month.

But they say that they need to make up some of the backlog after the low inflows of recent months in order to ensure that they are able to meet lending targets.

## Gilts lose

The cut in the Bank rates was widely expected after the further ½ per cent. drop on Friday in the Bank of England's minimum lending rate to 8¾ per cent.

It takes the Bank's base rate to its lowest level since August 1973, and compares with a peak of 14 per cent. at the start of this year.

As a result, the cost of overdrafts to blue-chip corporate customers of the banks will come down to 10 per cent., with other borrowers paying up to 13½-14 per cent.

The move brought little reaction in the City, where it had been thought that the banks might consider a bigger change.

The gilt-edged market ended with small losses in spite of indications that the authorities would be prepared to accept a continuing downtrend in short-term interest rates.

A further reduction in minimum lending rate was being indicated in the money markets yesterday, with Treasury bills trading at levels which, if maintained at Friday's weekly tender, would produce an MLR of 8½ per cent. on the normal market-related formula.

Editorial Comment Page 20

# Gales hold up bid to cap Ekofisk well

BY WILLIAM DULLFORCE STAVANGER, April 25.

THE FIRST attempt to choke the oil flow from the Ekofisk blow-out well was abandoned this afternoon after the wind built up to gale force.

Phillips Petroleum, the operator of the Bravo platform, hopes to have another try at capping the well to-morrow when the wind is forecast to decrease a little.

Oil is still gushing from the well at the rate of 3,000 to 4,000 tons a day—roughly the amount carried in a fleet of 150 to 200 large road tankers. By comparison, when the Torrey Canyon sank ten years ago she spilled 11,000 tons of heavy crude oil.

Phillips reported early to-day that the oil slick from the damaged well was spreading. With the wind in the south-west, it was feared that it might move towards the Norwegian coast about 100 miles away.

In the morning it had assumed a banana shape, 25 miles long, six miles broad near the blow-out and tapering to one mile.

## Delayed

Weather conditions, with waves 10 to 16 feet high, were too rough to use the heavy booms and new skimmer equipment arrived on the scene this afternoon. Their departure from Stavanger had been delayed by loading difficulties.

It is hoped that a start can be made to-morrow on clearing the oil. By then, about 10,000 to 14,000 tonnes will have escaped.

Preparations for the capping operation were well advanced when the decision to withdraw was taken. The support barge, Choctaw, had anchored alongside the Bravo platform by mid-day and was preparing to transfer the Red Adair team and its equipment to the platform.

## Hazardous

When the wind force reached 32 knots (near gale) it was considered too hazardous to proceed with the operation. The Choctaw weighed anchor and moved away to stand by for a fresh effort to-morrow.

Norwegian meteorologists forecast that the wind speed will have reduced to 20 knots by 7 a.m. to-morrow. It could moderate further during the day.

The fall-back plan to drill a relief well has also been delayed by the change in weather. The Orion jack-up rig from which the well will be drilled is still in Dutch waters to-night. It cannot be towed to the Ekofisk site until the weather improves.

At mid-day to-day, Phillips and the Norwegian action centre in charge of the Ekofisk operation were still hopeful that Boots Hanson and Richard Hatteberg, the two specialists from the Red Adair company, would succeed in halting the outflow to-morrow.

This morning, Mr. Hans Christian Bugge, the head of the Norwegian action group, reported that the booms and skimmers expected to be on site in the afternoon would have a theoretical capacity to deal with 8,000 tonnes of oil a day. But they can be used only in relatively calm waters with waves running less than six feet.

Mr. Bugge reiterated his Government's reluctance to use chemical dispersants on the oil, although there are seven ships equipped for spraying chemicals standing by in the area.

He discounted suggestions that the oil slick presented a greater danger to Scotland or to Denmark than to Norway. Throughout yesterday the slick moved slightly southwards, spreading to the east.

With southwesterly winds forecast, the most likely direction of the slick would be towards the Norwegian coast.

Mr. Odvar Nordli, the Prime Minister, said last night that his Government was determined to investigate thoroughly the reasons for the blow-out. After a Cabinet meeting to-day, he announced the appointment of an investigating committee and is expected to make a statement in Parliament to-morrow.

Norwegian officials underline that legal responsibility for the blow-out rests with Phillips.

Parliament Page 12

Ekofisk round-up Page 8

### SHARES HIT

The blow-out affected oil shares yesterday. Worst hit was Petrofina, the Belgian combine with a stake in the Ekofisk consortium. Its shares ended the day £12.50 worse off at £101.50.

Shares of Norse Hydro, the Norwegian company, dropped to close at £36.

BP, not directly involved, closed with a loss of 22p at 912p.

### £ in New York

| — | April 25 | Previous |
|---|---|---|
| Spot | \$1.7166-7196 | \$1.7184-7188 |
| 1 month | 0.54-0.50 dis | 0.65-0.49 dis |
| 3 months | 1.73-1.68 dis | 1.63-1.58 dis |
| 12 months | 7.40-7.30 dis | 7.15-7.05 dis |



### FEATURES



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LOMBARD

# Cash limits under Phase Three

BY PETER RIDDELL

ONE OF the main reasons for the undoubted success of the cash limits system of control over public spending in the last year has been that the large pay component has been fairly predictable given the widespread acceptance of phases one and two. But what will happen after this July under phase three, if there is one? This issue has been highlighted by the report on the new system from the Public Accounts Committee of the Commons.

Pay accounts for just under half the expenditure covered by cash limits which in its turn affect, directly or indirectly, about two-thirds of all public spending. And as one of the Treasury witnesses in front of the Committee commented, "If the amount built into the cash block reflecting pay proved to be a poor forecast, this could upset the cash limit, and could therefore upset the efficiency of the financial control that cash limits seek to establish."

## Not breached

So far, this has not proved to be a problem. This is in spite of the fact that the cash limits are drawn up for the financial year beginning in April before the pay policy starting in August is agreed, or even known in outline. However, most civil servants have settlement dates between April and the end of July, and therefore come under the terms of the phase of the pay policy ruling when the limits are fixed.

It has been assumed so far that these pay limits are not breached. Hence the cash limits can normally be fixed for the financial year ahead with a reasonable degree of assurance that the pay bill will not be exceeded. Outside central Government, the main public sector settlements, including the local authority manual and hospital workers, do not come into effect until well into the second half of the financial year, and so have a small effect on the final outcome.

This has applied so far, and should do so again in the current financial year. There could be some pressures towards the end of the financial year though any acceleration in earnings then should not significantly undermine the overall cash limits for 1977-78 unless the 12 month gap between settlements is relaxed.

The problems are, however, likely to be greater this time next year since the rate of earnings increase may be much less predictable, even given this settlement pattern. The Government will anyway have to take a view on what is a desirable level of pay increases in fixing the limits, and this may be very different from what is happening under phase three.

The existence of cash limits makes it much more difficult for the Government to fudge the issue. Conflict is, perhaps, less likely to arise in the area of centrally voted expenditure covered by cash limits since civil service unions have seldom been at the forefront of pay pressure. However, this leaves local authorities, where the cash limit applies to the rate of support grant, and nationalised industries, where the control covers financing needs. So there may be the familiar choice for, say, the Coal Board or British Rail of putting up prices or taking more from the Government, which will affect the cash limit.

The Committee report discusses these problems fully and recommends that the Treasury should be ready, by the use of appropriate adjustments, to maintain the effectiveness of cash limits if earnings should become less predictable. The recently extended Treasury financial information system and the profiles of departmental spending make it possible in theory to adjust limits during the year.

## Take stock

It would obviously be wrong to change the limits to finance wage settlements regardless of the previous pay assumptions. However, earnings account for all or any of some individual cash limit blocks, so pay increases beyond the level assumed would lead to staff cuts.

While some flexibility is probably necessary, it is all too easy to envisage a more general relaxation of cash limits in these circumstances. Indeed the original April 1976 Cash Limits White Paper included the partial escape clause that "if the rate of inflation were to turn out substantially higher or lower than that which has been allowed for, the Government would have to take stock of the position in the light of all the circumstances of the time."

The Treasury has stuck to the original limits with welcome firmness so far. In future, the Government will have to make clear—with or without a phase three—its view of the desirable level of public sector pay increases, which it will enforce, and the implications for employment if they are breached.

RACING BY DOMINIC WIGAN

# Oats to beat Malinowski

MALINOWSKI, who has had just one run since his clear-cut victory over Oats in the Ladbroke Craven Stakes at Newmarket more than a year ago, will be many backers' choice when he returns to the fray with Lester Piggott on board for this afternoon's Jockey Club Stakes on the Rowley Mile course.

Although it is possible to excuse Malinowski's 7-4 on defeat in the Curragh's Gladness Stakes early this month on the grounds of his long lay-off, due mainly to the virus which plagued Cashel last season, I am still not prepared to side with the Sir Ivor colt until he proves that he is back to somewhere near his best.

Oats, in whom Peter Walwyn reports a good deal of improvement, did all that was asked of him when defeating second-rate opposition at Doncaster on the second day of the season and I take him to prove that he is now better than ever by reversing the Craven Stakes form with Malinowski.

Some smart sprint handicappers are due to line up for the seven-furlong Playboy Bookmakers' Handicap. Here the field includes Piggott's mount, Mr. Nice Guy (top weight with 9 st.) and the Bruce Hobbs trained Noirima.

NEWMARKET
2.00—Press Corps**
2.30—Bodensee
3.05—Oats***
3.35—Noirema
4.10—Silver Lord*
4.40—Meadow Bridge

NOTTINGHAM
2.00—Dragon Girl
2.30—Jay Mark
3.00—Ringed Aureole
4.30—Badajos

The last-named, a tough filly by Right Tack out of that good Skymaster mare, Noirmont Girl, will have derived considerable benefit from her run to Newbury's Fred Darling Stakes. She finished a close sixth then I expect to see her regain the winning trail.

At the last meeting here, Press Corps, a heavily backed favourite, lost little caste in defeat when going down by three lengths and a head to Lady Peg and Aggrapina in the Bartlow Maiden Stakes.

The form of that race has worked out particularly well, for Lady Peg easily accounted for all but the very speedy Swinging Pan at Pontefract, and the fourth, Dior Queen, outpaced her opponents at Sandown on Friday in impressive style.

I shall be disappointed if Press Corps fails to recover losses for her backers.

SALEROOM BY ANTONY THORNCROFT

# Flint watercolours set record

THE HIGHEST prices for watercolours by Sir William Russell Flint were paid at Phillips yesterday where £8,000 was bid for a picture of Spanish dancers, called *Dance of a Thousand Flounces*. Another picture, *The Sentimentalists*, sold for £7,500, while other typical Flint watercolours sold for £4,600, £3,500 and £2,900.

Frost and Reed bought all the works, and also acquired a Montague Dawson of Cowes, with Price Philip in Cowslip, for £3,700.

The London salerooms were busy yesterday with routine auctions. Sotheby's held three. The highest prices were at a sale of Hebrew Books, which totalled £36,668. The top price was the £6,000 paid for the Torah of Maimonides, published in Constantinople in 1509, and very rare.

London dealers were active at a sale of Chelsea "Toys," English Enamels, and "Galanteriewaren," which totalled £23,733. Gould paid £1,500 for a Bilston cased set of caddies, made around 1770; Mrs. Tilley bought a large Birmingham casket of 1755 for £850; and Graus gave £700 for a Bilston caddy case of 1770. The same sum secured a set of two Bilston tea caddies and a canister.

Just to show how relatively inexpensive the majority of lots at Sotheby's change hands for, a netsuke, inro, and general auction of Japanese works of art sale realised £18,489.

Christie's sold oriental ceramics and works of art for £27,632, with a top price of £1,100 for a large Tao Kuang Canton *famille rose* punch bowl, paid by Sahai.

The company also announced its profits for the year, which were £1.7m. higher at £3.66m. On the Stock Exchange Christie's shares rose 2p to 70p on the news, which suggests that the introduction of the 10 per cent premium paid by buyers has achieved its purpose in bringing extra profitability back to the auction houses.

Christie's is off to a good start to its first series of sales in the U.S., which start in the converted ballroom of Delmonico's Hotel in New York on May 16. In the first two days it will sell some fine Impressionist paintings, including works by Cezanne, Manet, Pissarro, Picasso, Degas, and Renoir's "Baigneuse Couchee," shown above, which carries a pre-sale estimate of $750,000-$1m. Christie's expects a turnover of over $10m. in its first month. Sotheby Parke Bernet has so far had the edge in the Impressionist art market.

FILM AND VIDEO BY JOHN CHITTOCK

# The safety horror show

FILM PREVIEWS in London in the last two weeks have offered the critics a glut of training and safety—the two subjects that dominate the contemporary sponsored film. It was possible to learn from Video Arts about how to deal with secretaries (two films under the general title, The Secretary and Her Boss) or how to really understand the special language of accountants (The Balance Sheet Barrier). Rank, the pioneers of home-grown management films, were elsewhere offering Arthur Lowe in Oh What a Lovely Report—an encouragement to more effective report writing, and Never Take Yes for an Answer—a training film for buyers instead of sellers for a change.

Other previews, however, were reminding critics of the rise and rise of the safety film—now threatening to displace the management and sales training film as a trend-setter. Perhaps we have reached a point in industrial development where the benefit of having an efficient employee is of less significance than having a living one.

Appointment with Fire is a reminder that the problem is not just an industrial or civilian one. This new film made for the Services Kinematograph Corporation and the British Army on the Rhine is one of a large number that the armed services have sponsored over the years to preserve the health and safety of personnel. This particular film is far more convincing that most—re-creating four actual accidents with fire where, for once, the viewer is not conscious of fireman and safety advisers standing just out of frame, just in case. The film also includes colour photographs of real burn cases and corpses, and the whisky with which the producer had throughtfully provided me in the dark was a kindly thought.

More horror was being purveyed by the Department of Transport (nee Environment) in their latest of a long and successful string of road safety films. This one, Night Call, is something of a ghost story — a motoring correspondent, in search of the perfect driver, in fact finds he has been pursuing himself and his own tragic end through fatigue when driving at night on the motorway. It is an effective film that captures very well, the eerie atmosphere of late night driving.

Both of these films, with 18 others, can be seen in the safety category of this year's British Sponsored Film Festival which moves to London this time, from Monday May 2 to May 13 (details from the British Industrial and Scientific Film Association, 26 D'Arblay Street, London, W1V 3FH).

Safety has become a significant category in this festival. Twenty such films have been entered this year — representing over 10 per cent of the total, compared with 13 entries (7 per cent of the total) ten years ago. But overall, the rising trend in training and safety could be heading for a reverse, with audiences now satiated. Over the last ten years of the festival the two combined categories have risen from 17 per cent. in 1967 to a peak of 32 per cent. in 1975 but dropped back to 18 per cent. this year.

Nonetheless, those attending this year's festival can look forward to a great deal of entertainment in the course of their training benefit received. The category, which is being screened on Tuesday, May 10, includes some delightful spoofs of sugar to help the medicine go down — such as Video Arts' Meetings, Bloody Meetings and the Myer's Beds film, Sleep On It, which is a spoof on all industrial films.

Many of the training and safety films now being produced are of commercial origin —that is, speculatively made with a view to selling and hiring enough copies to yield a profit. In some cases, the profit can pour in — with films that cost only £15,000 to produce exceptionally earning £100,000 per year in gross revenue. But the future for the commercial producers may well be on other shores, in Third World countries.

British producers of training and safety films have certainly achieved successes overseas; many of the best of our [illegible] have been sold to Europe and North America. But as the Third World is improving its own capacity for training, the demand for our films [illegible] even our equipment [illegible] become greatest, from [illegible] areas.





# TV/Radio

† Indicates programme in black and white

## BBC 1

6.40-7.55 a.m. Open University (UHF only). 9.38-11.38 For Schools. 12.45 p.m. News. Weather. 1.00 Pebble Mill. 1.45 Mary, Mungo and Midge. 2.00 You and Me. 2.14-3.00 For Schools. 3.20 Pobol Y Cwm. 3.53 Regional News (except London). 3.55 Play School. 4.20 Dastardly and Muttley. 4.30 Here Comes the Double Deckers. 4.50 Tarzan. 5.10 Take Hart. 5.35 Fred Basset. 5.40 News. 5.55 Nationwide. 6.50 The Waltons. 7.40 Comedy Special with Thora Hird. 8.10 Z Cars. 9.00 News, Weather. 9.25 Play for To-day: "The Country Party," by Brian Clark, Peter Barkworth, Sheila Gish. 10.50 To-night. 11.30 Politics Now: The Lonely Job. 11.55-11.57 Weather, Regional News.

All regions as BBC-1 except: Wales — 5.55-6.20 p.m. Wales To-day. 6.50-7.10 Heddiw. 7.10-7.40 Top Notchers, Part 1: Terry James. 11.30-11.55 Dewch i Siarad. 11.55 News, Weather for Wales.

Scotland—5.55-6.20 p.m. Reporting Scotland. 11.55 News and Weather for Scotland.

Northern Ireland—3.53-3.55 p.m. Northern Ireland News. 5.55-6.20 Scene Around Six. 10.45-11.15 Spotlight. 11.15-11.40 Politics Now. 11.40 News, Weather for Northern Ireland.

England—5.55-6.20 p.m. Look East (Norwich). Look North (Leeds, Manchester, Newcastle). Midlands To-day (Birmingham). Points West (Bristol). South To-day (Southampton). Spotlight South West (Plymouth).

## BBC 2

6.40-7.55 a.m. Open University. 10.05 The Role of the Nurse. 10.30 Trade Union Studies: Unfair Dismissals. 11.00-11.25 Play School. 2.15-2.30 p.m. Other People's Children. 2.30 Parents and Children. 4.55-7.00 Open University. 7.00 News, Weather. 7.05 Conversazione. 7.30 Newsday. 8.05 Chronicle: Williamsburg, U.S.A. 9.00 Rhoda. 9.25 The Man Alive Report. 10.15 The Getaways. 10.45 News, Weather. 10.55 The Old Grey Whistle Test: The Kinks. 11.34-11.40 David Davis reads "Orpheus in the Underworld," by David Gascoyne.

## LONDON

9.30 a.m. For Schools. 10.41 Hammy Hamster. 12.00 Noddy. 12.10 p.m. Rainbow. 12.30 A Woman's Life. 1.00 News. 1.20 To-day's Post. 1.30 Rooms. 2.00 Good Afternoon. 2.25 Racing. 3.50 Emmerdale Farm. 4.20 Runaround. 4.45 Magpie. 5.15 Mr. and Mrs. 5.45 News. 6.00 To-day. 6.35 Crossroads. 7.00 Sportscene. 7.30 The Bionic Woman. 8.30 Rising Damp. 9.00 ITV Playhouse: "Blind Love." 10.15 News. 10.45 Just One More War. 11.30 Dan August. 12.25 a.m. Dannie Abse reads one of his poems.

## ANGLIA

[illegible]

## ATV MIDLANDS

[illegible]

## BORDER

[illegible]

## CHANNEL

[illegible]

## GRAMPIAN

[illegible]

## GRANADA

[illegible]

## HTV

[illegible]

## SCOTTISH

[illegible]

## SOUTHERN

[illegible]

## TYNE TEES

[illegible]

## ULSTER

[illegible]

## WESTWARD

[illegible]

## YORKSHIRE

[illegible]

## RADIO 1 247m

[illegible]

## RADIO 2 1,500m and VHF

[illegible]

## RADIO 3 464m, Stereo & VHF

[illegible]

## RADIO 4 434m, 330m, 285m and VHF

[illegible]

## BBC Radio London 206m and 94.9 VHF

[illegible]

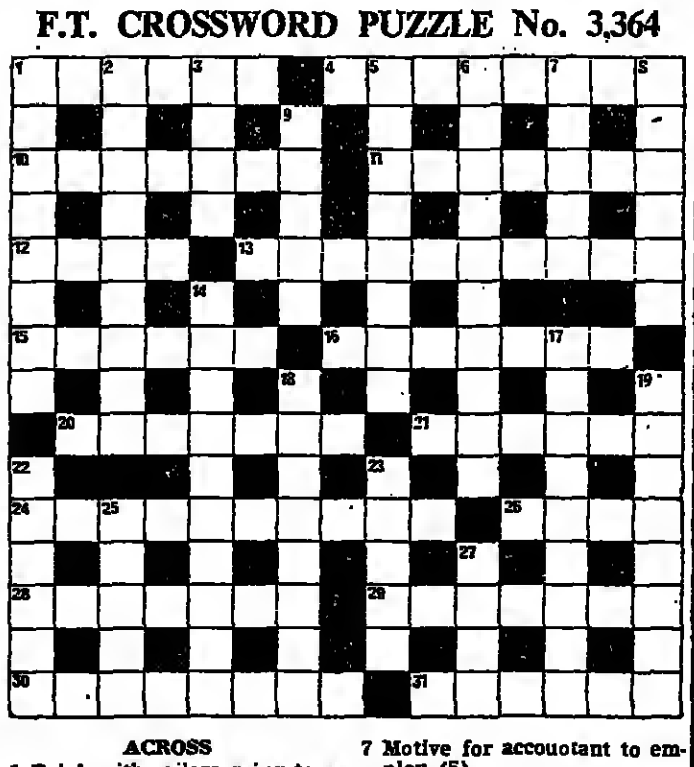
## London Broadcasting 261m and 97.3 VHF

[illegible]

## Capital Radio 194m and 95.8 VHF

[illegible]

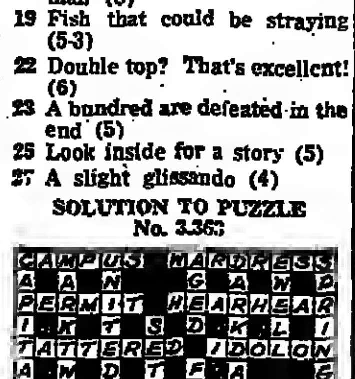
## F.T. CROSSWORD PUZZLE No. 3,364



ACROSS
1 Drink with sailors going to a ball (6)
4 In favour of channels for goods (8)
10 French wine served with eastern fish is sour (7)
11 Return to write music for a planet (7)
12 Caught with wife in bed (4)
13 Growing up and using a small amount of perfume (10)
15 They are accepting an alternative explanation (6)
16 Found item to a railway (7)
20 Waylaid and robbed the arrogant (5-2)
21 Stay in company with the right clique (8)
24 Tell friend without ceremony (10)
26 Smile, being right in the spirit (4)
28 Tête-à-tête on the golf course (7)
29 I enter to join up as a private (7)
30 Fish one place in a tick (8)
31 Fairly beautiful (6)

DOWN
1 Recommend a Scottish barrister (8)
2 Emotion drove people into it (9)
3 Right on time and in the vogue (4)
5 A row over fish is annoying (8)
6 Testimony from some French place (10)
7 Motive for accountant to employ (5)
8 Sleep, that is the way in South America (6)
9 Bachelor has to travel for a future wife (5)
14 Putting argon in a cherished setting could be dangerous (10)
17 Reserve has to take exercise during break (9)
18 Bus turning up with a man but he's not the main salesman (8)
19 Fish that could be straying (8)
22 Double top? That's excellent! (6)
23 A hundred are defeated in the end (5)
25 Look inside for a story (5)
27 A slight glissando (4)

SOLUTION TO PUZZLE No. 3,363



NOTICE OF REDEMPTION

To the Holders of

# HAAS OVERSEAS CAPITAL N.V.

(now Rohm and Haas Company)

8¾% Guaranteed Debentures Due 1986

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of June 1, 1971, as supplemented, providing for the above Debentures, said Debentures aggregating $1,000,000 principal amount bearing the following serial numbers have been selected for redemption on June 1, 1977 ($500,000 principal amount through operation of the mandatory Sinking Fund and $500,000 principal amount through operation of the optional Sinking Fund), at the redemption price of 100% of the principal amount thereof, together with interest accrued and unpaid to said date:

DEBENTURES OF $1,000 EACH

| | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| M- 5 | 618 | 1785 | 2837 | 3777 | 4889 | 5892 | 6364 | 7542 | 8403 | 9255 | 9964 | 10598 | 11543 | 12409 | 13420 | 14189 |
| 16 | 828 | 1794 | 2904 | 3762 | 4932 | 5897 | 6367 | 7575 | 8406 | 9276 | 9981 | 10685 | 11578 | 12415 | 13427 | 14210 |
| 20 | 841 | 1816 | 2915 | 3833 | 4939 | 5900 | 6591 | 7591 | 8415 | 9291 | 10025 | 10620 | 11588 | 12422 | 13432 | 14222 |
| 27 | 851 | 1839 | 2933 | 3843 | 4976 | 5919 | 6621 | 7601 | 8435 | 9304 | 10040 | 10653 | 11598 | 12425 | 13437 | 14238 |
| 61 | 853 | 1841 | 2949 | 3867 | 4992 | 5935 | 6637 | 7614 | 8441 | 9318 | 10055 | 10664 | 11611 | 12434 | 13441 | 14248 |
| 63 | 855 | 1884 | 2957 | 3872 | 4994 | 5942 | 6639 | 7612 | 8445 | 9327 | 10074 | 10676 | 11624 | 12452 | 13468 | 14252 |
| 83 | 864 | 1898 | 2993 | 3874 | 5013 | 5963 | 6642 | 7620 | 8449 | 9331 | 10084 | 10700 | 11628 | 12484 | 13489 | 14257 |
| 88 | 886 | 1948 | 3005 | 3886 | 5019 | 5978 | 6654 | 7637 | 8460 | 9340 | 10095 | 10717 | 11630 | 12504 | 13501 | 14284 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 386 | 1178 | 2220 | 3300 | 4262 | 5431 | 6180 | 7061 | 7881 | 8737 | 9581 | 10241 | 11042 | 11944 | 12732 | 13730 | 14532 |
| 387 | 1192 | 2244 | 3314 | 4268 | 5437 | 6202 | 7072 | 7898 | 8738 | 9573 | 10249 | 11053 | 11946 | 12951 | 13738 | 14542 |
| 407 | 1210 | 2254 | 3316 | 4284 | 5473 | 6211 | 7087 | 7912 | 8761 | 9600 | 10263 | 11088 | 11957 | 12962 | 13806 | 14551 |
| 411 | 1230 | 2382 | 3319 | 4309 | 5480 | 6219 | 7130 | 7920 | 8772 | 9607 | 10276 | 11102 | 12004 | 12958 | 13920 | 14557 |
| 422 | 1252 | 2429 | 3381 | 4315 | 5483 | 6240 | 7149 | 7935 | 8809 | 9619 | 10294 | 11163 | 12024 | 12773 | 13838 | 14560 |
| 443 | 1257 | 2435 | 3404 | 4325 | 5526 | 6256 | 7150 | 7954 | 8812 | 9635 | 10298 | 11137 | 12025 | 12970 | 13843 | 14584 |
| 453 | 1258 | 2449 | 3407 | 4346 | 5532 | 6257 | 7179 | 7962 | 8821 | 9643 | 10300 | 11144 | 12034 | 12973 | 13870 | 14608 |
| 460 | 1266 | 2465 | 3410 | 4349 | 5574 | 6267 | 7211 | 7966 | 8842 | 9651 | 10309 | 11146 | 12072 | 13024 | 13876 | 14617 |
| 470 | 1292 | 2516 | 3419 | 4350 | 5575 | 6277 | 7216 | 8023 | 8871 | 9677 | 10312 | 11158 | 12076 | 13032 | 13889 | 14626 |
| 511 | 1295 | 2517 | 3452 | 4369 | 5577 | 6278 | 7228 | 8042 | 8873 | 9685 | 10353 | 11162 | 12101 | 13063 | 13897 | 14660 |
| 514 | 1300 | 2520 | 3453 | 4387 | 5588 | 6291 | 7260 | 8038 | 8882 | 9690 | 10374 | 11175 | 12113 | 13073 | 13903 | 14662 |
| 532 | 1326 | 2535 | 3469 | 4427 | 5591 | 6292 | 7279 | 8052 | 8883 | 9700 | 10377 | 11189 | 12128 | 13098 | 13910 | 14685 |
| 536 | 1342 | 2541 | 3477 | 4435 | 5611 | 6339 | 7281 | 8078 | 8988 | 9708 | 10390 | 11192 | 12140 | 13111 | 13916 | 14708 |
| 537 | 1343 | 2652 | 3479 | 4441 | [illegible] | 6342 | 7286 | 8079 | 9027 | 9744 | 10397 | 11224 | 12156 | 13120 | 13923 | 14724 |
| 571 | 1362 | 2657 | 3480 | 4443 | [illegible] | 6344 | 7318 | 8119 | 9034 | 9748 | 10425 | 11227 | 12177 | 13133 | 13927 | 14731 |
| 608 | 1365 | 2640 | 3491 | 4519 | 5645 | 6357 | 7347 | 8120 | 9049 | 9759 | 10445 | 11250 | 12185 | 13161 | 13947 | 14762 |
| 629 | 1387 | 2670 | 3507 | 4525 | 5680 | 6374 | 7348 | 8132 | 9053 | 9784 | 10456 | 11253 | 12199 | 13163 | 13960 | 14763 |
| 632 | 1388 | 2676 | 3525 | 4546 | 5704 | 6386 | 7362 | 8143 | 9058 | 9786 | 10463 | 11288 | 12204 | 13187 | 13968 | 14777 |
| 649 | 1413 | 2678 | 3532 | 4568 | 5710 | 6415 | 7363 | 8146 | 9059 | 9793 | 10465 | 11302 | 12220 | 13221 | 13984 | 14848 |
| 671 | 1437 | 2685 | 3533 | 4574 | 5733 | 6410 | 7368 | 8170 | 9061 | 9802 | 10469 | 11303 | 12228 | [illegible] | 14006 | 14867 |
| 672 | 1440 | [illegible] | [illegible] | 4590 | 5743 | 6421 | 7389 | 8203 | 9068 | 9812 | 10470 | 11319 | 12233 | 13272 | 14010 | 14870 |
| 685 | 1444 | 2739 | 3581 | 4613 | 5771 | 6446 | 7387 | 8205 | 9104 | 9820 | 10484 | 11336 | 12271 | 13273 | 14020 | 14886 |
| 701 | 1461 | 2757 | 3607 | 4639 | 5773 | 6467 | 7436 | 8208 | 9106 | 9845 | 10495 | 11370 | 12282 | 13293 | 14031 | 14894 |
| 723 | 1478 | 2760 | 3611 | 4651 | 5775 | 6473 | 7439 | 8243 | 9122 | 9859 | 10496 | 11383 | 12299 | 13297 | 14032 | 14903 |
| 735 | 1497 | 2761 | 3633 | 4652 | 5786 | 6480 | 7440 | 8276 | 9132 | 9868 | 10523 | 11412 | 12307 | 13305 | 14053 | 14916 |
| 739 | 1530 | 2816 | 3645 | 4674 | 5787 | 6484 | 7448 | 8282 | 9135 | 9860 | 10546 | 11435 | 12313 | 13321 | 14095 | 14917 |
| 761 | 1544 | 2821 | 3661 | 4762 | 5795 | 6492 | 7459 | 8295 | 9137 | 9886 | 10548 | 11470 | 12320 | 13325 | 14091 | 14919 |
| 765 | 1553 | 2867 | 3690 | 4775 | 5823 | 6542 | 7482 | 8309 | 9142 | 9894 | 10560 | 11472 | 12327 | 13378 | 14108 | 14920 |
| 781 | 1560 | 2872 | 3693 | 4777 | 5827 | 6544 | 7503 | 8342 | 9171 | 9929 | 10567 | 11487 | 12372 | 13375 | 14137 | 14927 |
| 783 | 1576 | 2879 | 3753 | 4843 | 5835 | 6557 | 7517 | 8354 | 9177 | 9936 | 10582 | 11489 | 12374 | 13379 | 14139 | 14939 |
| 805 | 1746 | 2881 | 3759 | 4858 | 5841 | 6558 | 7518 | 8360 | 9190 | 9956 | 10585 | 11500 | 12375 | 13371 | 14140 | |
| 810 | 1784 | 2883 | 3771 | 4882 | 5880 | 6561 | 7532 | 8359 | 9230 | 9963 | 10554 | 11536 | 12407 | 13404 | 14164 | |

Payment will be made upon presentation and surrender of the above Debentures with coupons due June 1, 1978 and subsequent coupons attached at the main offices of any of the following: Morgan Guaranty Trust Company of New York, 15 Broad Street, New York, New York 10015; Morgan Guaranty Trust Company of New York in Brussels, Frankfurt am Main, London, Paris and Zurich; Banca Vonwiller & C. S.p.A. in Milan and Rome; Bank Mees & Hope NV in Amsterdam; and Banque Générale du Luxembourg S.A. in Luxembourg.

Coupons due June 1, 1977 should be detached and collected in the usual manner.

On and after June 1, 1977 interest shall cease to accrue on the Debentures selected for redemption.

ROHM AND HAAS COMPANY

Dated: April 26, 1977

NOTICE

The following Debentures previously called for redemption have not as yet been presented for payment:

DEBENTURES OF $1,000 EACH

M- 3126 4085 7439

# A half century of German art

by DENYS SUTTON, Editor of Apollo

The interest taken by English intellectuals in German art and literature of the 1920s may be explained in two main ways. First, the plays of Bert Brecht have been warmly championed; secondly, the Berlin of Isherwood's sleazy Cosy Bar and of Cabaret has exerted a romantic appeal to those who have noticed parallels between German life then and English life now.

Much comment about the art of the period has been uninformed and partial; and in the enthusiasm for the culture of Weimar the considerable achievements of Imperial Germany have been underrated. For one thing the Kaiser's time was a great period for the development of the Berlin museums, which had a tough and knowledgeable chief in Wilhelm von Bode.

Too often, too, the aristocracy and patriciate of Central Europe in the immediate pre-1914 period are dismissed as if they had no cultural interests. But this is far from being the case. One has only to think of the Princess von Thurn und Taxis or Countess Kessler or that remarkable connoisseur and aesthetic Eberhard von Bodenhausen, the translator of R. A. M. Stevenson's stimulating book on Velazquez and the author of an able monograph on Gerard David. Then there is the cultural life of Munich under the Wittelsbachs, the role of the Grand Duke of Hesse as a patron of Jugendstil.

The German authorities could perform a useful service if they were to arrange an exhibition designed to present a balanced view of the artistic and literary scene in Germany between the Romantics and the Expressionists. How interesting it would be to gain a closer acquaintance with the art of Adolph Menzel, the painter of remarkable Berlin scenes and a lover of the Frederician Rococo, or of the pictures and drawings of Von Marées or the sculpture of Hildebrand, who had some influence on the ideas of the young Berenson.

Knowledge of the later phase of German art in this country was extended by the activity of Harry Fischer of Fischer Fine Art. This gifted art dealer, who died recently, organised the show "Apocalypse and Utopia," now on view at the Fischer Gallery. It presents a bird's eye view of some of the main trends in German art from Expressionism to the Bauhaus and includes a most unusual item, the guest book kept by Helga and Thekla Hess. Hess was a manufacturer of shoes at Erfurt and was on friendly terms with many leading painters and critics. Kandinsky, Nolde, Klee, Feininger and Otto Dix among them.

The exhibition, which has been carefully selected, brings out one of the principal disadvantages of German painting at this period — the contrast between the ability of artists to represent interesting and unusual subjects, some of a seductive nature, and their failure to achieve quality in rendering them. German painters rarely possess the fluent handling of paint that was such a distinguishing feature of French art of the same period. Otto Mueller's pictures of girls are very charming with their touch of paganism (an echo here of the romantic side of the 1890s) but not so the paint surface. Kirchner had a knack of finding unusual themes; Tanzpaar is a case in point. It offers an intriguing image and the depiction of the dancing girl with her leg in the air is something of a tour de force. As an image it is effective but on closer examination the paint lacks the refulgence demanded by the colours. Incidentally, the work bears a relationship to the sort of picture painted by Van Dongen.

By no means do all the artists in the show possess this defect. Feininger, who was American born, can be seen to maintain his position as one of the most gifted painters of his generation; one able to pick up hints from the Paris movement but never so as to hamper his originality. His elegance strikes a welcome note. Even if Paul Klee has been the recipient of too much adulation, the poetical quality of his vision and the delicacy of structure in his works are not to be denied. He painted the cabinet pictures of his era.

Kandinsky and Jawlensky are included in the show and the Blaue Reiter group, centred in Munich, in which they belonged, was influential in Germany. However, they remain essentially Russian artists and the impact made by the whirling colours and forms of the former is akin to that of the Russian ballet. Just as did the ballet, the paintings of Kandinsky injected a vitality into Western culture, but once settled at the Bauhaus, something of this artist's vigour vanished.

Inevitably time has taken its toll of many German artists of this period. Not a few of the men associated with the Bauhaus or concerned with technical experiment should be allowed to relapse into decent obscurity. What once seemed radical now seems sadly dowdy.

The trouble is that too many disquisitions on the history of modern art have been lacking in discrimination, and consequently artists promoted above their station, and proof of this is provided by Mr. Norbert Lynton's ill-written introduction to the catalogue. However, an exhibition such as this performs a useful service. It provides an opportunity to take another look at German art on either side of the First World War, and acts as a reminder, too, that the art of the last half-century demands reassessment.

Ernst Ludwig Kirchner: Tanzpaar

The Entertainment Guide is on Page 34

Covent Garden

# La Princesse de Navarre

by RONALD CRICHTON

The English Bach Festival opened officially on Sunday night with a Silver Jubilee offering at Covent Garden. This took the form of a single staged performance of the musical part of Voltaire and Rameau's "comédie-ballet" La Princesse de Navarre, the first of a series of entertainments mounted at Versailles in 1745 for the wedding of the French Dauphin (Platée, one of Rameau's famous works, was written for the same royal occasion). Thus the Princesse de Navarre, though a deal of trouble went into the making of it, was a purely occasional piece, published eventually in the complete edition of Rameau's works, but unperformed since the 18th century.

What we saw, loosely described as a "Divertissement royal à Versailles," was the Overture and three considerable stretches of incidental music (songs, choruses and much dancing, the latter described elsewhere on this page by Clement Crisp) without the spoken play of which they form part. Probably Voltaire's text is no loss—he disliked the mixed genre, and was bullied by his senior, Rameau, as if he were one of Puccini's librettists. Yet without it, or rather with merely the lines intended to be sung, there was even less theatrical coherence than in the opera-ballets of the period. Only the English Bach Festival's irrepressible director, Lina Lalandi, could have hatched such a plan and carried it through.

This she did, with the aid of Michael Holmes as producer and joint-choreographer with Belinda Quirey. Jean-Claude Malgoire, the French baroque expert, conducted the EBF Chorus and Baroque Orchestra, both of them tucked away in the Opera House pit. Their placing took the edge off Rameau's full and brilliant choral writing and, though playing as well as choral singing had plenty of spirit, toned down Rameau's instrumental colours. To listeners of Louis XV's time our music would no doubt seem barbarously, unendurably loud. We have lost their innocence of ear: many delicate pieces of scoring were heard as it were through the wrong end of a telescope. The physical appeal of Rameau's music, the tang and rude earthiness, was thus diminished. The sound of a few baroque strings buried deep in a large theatre grew terribly monotonous.

Most of the singers will have been familiar to patrons of this festival and to record collectors. What some of them lacked in the kind of projection this house needs they made up for in agility. Among those who bridged the two worlds were Sonia Nigoghossian and Ian Caddy, both in their solos and in a sparkling duet. Of the main tenors, Bruce Brewer was the more supple, Michael Goldthorpe the more penetrating. Between them one may have got some idea of what the French haute-contre voice was like. Mr. Brewer had one brilliant ariette (inappropriate French term for a da capo aria): a second one was fluently sung by a soprano bewigged beyond recognition. Among others who gave pleasure (if voices were small, intonation was unusually good) were Anny Mory and Marilyn Hill Smith.

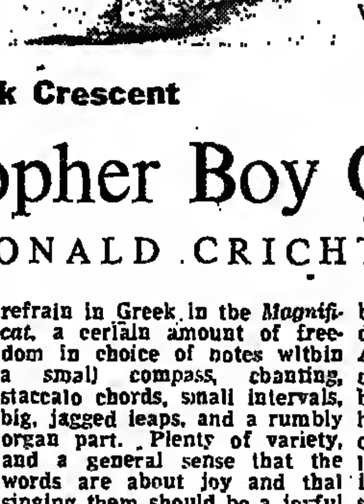
There were probably good musical reasons for having the continuo on stage. Allowing the drummers to appear there ensured that they were heard but increased an already appreciable folksiness—Rameau's earthiness is not folksy at all. Sets, borrowed from the Opera House, included a tapestry, a sub-Messel garden scene and a sub-Bakst ballroom, the two latter belonging, I understand, to a Royal Ballet Sleeping Beauty now laid to rest (presumably these will not accompany the show when it travels during the summer to the Festivals of Versailles, Luxembourg and Granada). Against these backgrounds were seen costumes bravely made after Bocquet drawings. To do this with modern materials and dyes would need a super-Karinska of a costumier, and they don't come like that any more.

*

That La Princesse de Navarre was categorised as a "comédie-ballet" indicates something of the importance attached to its dance element. But therein lies the problem for to-day's producer: there remains no directly transmitted dance style or choreography earlier than the period of the Romantic ballet, and any re-creation of dancing before, say, 1830 remains supposition. Supposition that can be illuminated and supported by manuals of technique, by written description, by an extensive iconography, but nevertheless, lacking any roots in our understanding and conception of "ballet" as we know it to-day. Scholars like Belinda Quirey and Michael Holmes, who are jointly responsible for the dances in La Princesse de Navarre, can re-create the dance forms of the period, and—in this staging—do so with great care. But what cannot be suggested to to-day's interpreters, and was plainly lacking in the performances by the dancers on Sunday night, is the kind of virtuosity and emotional vivacity that must so necessarily bring the dances to life.

The written testimony of the period—from such authors as Louis de Cahusac in his treatise on dance published a few years after this comédie-ballet was first given—is often suggestive of brilliance, great charm, and of a sometimes excessive search for bravura effect, as well as of a serene and grand deportment for the style noble.

The demure activities of the dancers on Sunday were a far cry from this: careful, stilted, and wearing their panniers and tonnelets (those hooped relics of knightly underwear that the danseur sported) with an air of mild surprise, they were well intentioned but hardly compelling advocates for the dance at Versailles.



CLEMENT CRISP

Gallery Round-Up

# Landscapes and figures

by WILLIAM PACKER

It is a widely held view that painting in water-colours is the peculiar province of the English. We are also inclined to feel that landscape painting is another great gift we have made to art. And always there are exhibitions to be seen, somewhere or another, to encourage these modest claims.

But it also seems to be believed that our contemporary painters are no longer interested in representation at all, let alone of the landscape, and moreover, even if they were, that they are no longer capable of doing anything about it. And always there are exhibitions to be seen that suggest the opposite.

The exhibition of English Water-Colour Drawings, at Spink until May 13, certainly demonstrates the vigour of the old tradition, and the sheer brilliance of so much of the work done within it, especially in the hundred years or so from the mid-eighteenth century. The standard set is very high, the more so when we remember that by now the very best work of the period has come more or less permanently to rest in the great collections, both public and private. Any show must be short of masterpieces.

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The great names are there, of course, but that is not the same thing at all. They are represented by fine items but small and incidental things from sketchbooks rather than major projects: a page of figure studies by Gillray, a compositional essay by Wilkie, a self-portrait by Mulready, a small landscape drawing by Gainsborough; and a squib or two by Rowlandson, whose two larger works here seem rather thinner than usual. The more ambitious paintings are for the most part by lesser figures, though the large Shotter Boys is a magnificent exception.

Co-incidentally a clutch of exhibitions in smaller galleries shows us a variety of recent work that quite reasonably may be considered in this distinguished company. Again we must not look for masterpieces, and the work is all small and modest in its scope and ambition; but it is also distinctive, serious and well-made, and no less covetable.

But the artist to-day does not always find space so easily to show his work, and must take his chance where he may. So it pays to keep an eye out for the temporary show and the smaller gallery. The Everyman Cinema has a tiny enclave within its foyer which, limited though it unquestionably is, provides a decent site for smaller work. It is occupied until May 8 by prints and water-colours by Peter Freeth.

The two aspects of the work reflect quite different, but none the less complementary, preoccupations, the prints concerned with composite images, taken from newsprint and delicately superimposed to create a dense and allusively dream-like effect, are somewhat private and introspective, the paintings much more direct and simple, studies of the summer landscape, and sun and shadow falling across walls and foliage. They are all very well done.

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At the Langton Gallery, unfortunately only until to-day, Peter and Barry Fantoni, father and son, are also showing landscape drawings and water-colours, and an oil painting or two. The father's tiny and curiously dense paintings are delightful Romantic confections, subtle and idiosyncratic: the son's are much more straightforward, closely observed and confident images of particular places, not only in London but on the modern grand tour, Malta, the Lido, and Venice itself. Again this is a show, very quiet and unpresuming, yet excellent in its way.

Finally, perhaps there is room to mention other shows, without going into their qualities in detail, that serve the same interests, and aspire to the same standards. Emilie Gwynne-Jones, at Parkin until May 7, and Alexander Dunlnce, whose latest paintings I have yet to see, at Crane Arts between April 28 and May 14.

Thomas Shotter Boys: The Church of St. Pierre, Caen, from the River Orne

St. John's, Hyde Park Crescent

# St. Christopher Boy Choristers

by RONALD CRICHTON

The St. Christopher Boy Choristers are drawn from a number of schools. They meet regularly for practice and travel to sing in cathedrals and churches in London and Southern England. A tape persuaded the composer Stephen Oliver (more often associated with theatre than church music) to write for them a "Magnificat and "Nunc Dimittis," heard for the first time at the choir's first "public" (presumably meaning non-liturgical) appearance last Saturday in the pleasant church a few hundred yards from Marble Arch, squatting among blocks of flats and desirable residences in bank-managers' Georgian.

Mr. Oliver has set the canticles in a post-Britten language that usefully extends the boys' sense of rhythm and pitch and allows them as well to play recorders or penny whistles. There is much unison writing, with a recurring refrain in Greek in the Magnificat, a certain amount of freedom in choice of notes within a small compass, chanting, staccato chords, small intervals, big, jagged leaps, and a rumbly organ part. Plenty of variety, and a general sense that the words are about joy and that singing them should be a joyful experience.

The composer conducted, with lively results that would have made still more impact if the boys had not been placed behind the altar so that conductor and organist could see one another. The liveliness was welcome because the rest of the concert, directed by the choir's trainer, Anne Osborn, raised a few doubts. Miss Osborn obviously has an ear for a good voice, and has wisely avoided the old kind of choirboy fluting (too much of the modish "early music hoot" is just as bad). But speeds were slow, rhythms stiff, intonation dicey, and a feeling of enjoyment minimal until the boys seized on a strong triple measure in Greene's "Thou visitest the earth." There were three choirmen. Accompaniments were provided (separately) by organ, piano and guitar.

## Welsh Opera's new productions

Welsh National Opera plans six new productions for 1977-78. The season will open in September with The Queen of Spades, the company's first Tchaikovsky opera. It will be followed by a new production of The Marriage of Figaro and stage director William Gaskill's second production for the company, La Bohème.

After Christmas the company will premiere a new production of Britten's A Midsummer Night's Dream. This will be followed in March by the company's first Richard Strauss opera Elektra. The last new production of the season will be Britten's Peter Grimes.

Sir Geraint Evans will appear as Bottom in A Midsummer Night's Dream.

Welsh conductor David Lloyd Jones, currently on the staff of English National Opera, will come to the Welsh company for the first time to conduct The Queen of Spades sung in his own English translation.

Lubeck/Berlin

# Wozzeck/Titus

by ELIZABETH FORBES

The worthy citizens of Lübeck, as readers of Thomas Mann's novel Buddenbrooks will remember, used to consider the theatre, and in particular opera, as a frivolous pastime. Luckily all such generalisations have their exceptions: a century ago young Hanno Buddenbrook neglected to prepare his school work for Monday morning because of a performance of Lohengrin the evening before; this Easter a small but deeply appreciative audience turned out on a freezing Saturday night to hear Wozzeck at the Opera House.

The production, new at the beginning of April and directed by Karl Vibach and Michael Wedekind, is technically the most efficient staging of Berg's opera I have encountered. The 15 scenes are played straight through without interval; sets change smoothly and instantly by means of a revolve. Ekkehard Krohn's designs, plain though they are, evoke plenty of atmosphere. Only the pond in the wood, scene of the murder, lacks an air of real menace, and for this the build-up of tension generated by the continuous musical performance is ample compensation.

Clark Dunbar's Wozzeck, neither pathologically violent nor sub-normal in intelligence, is an ordinary man for whom the pressures of society have proved too strong. Marie, sung by Ewa Dobrowska, is similarly no sluttish tart but a woman with genuine if unformulated yearnings for something better in life. Both are victims not so much of their environment as of the demands made on them by a remote authority. Dan Mnsatescu is suitably eccentric as the Doctor; Robert Mazzarella makes a convincingly over-bearing Drum Major, while the veteran tenor George Maran — Lysander in the first performance of Britten's A Midsummer Night's Dream — sings the Captain's high-lying music with marvellous ease and accuracy.

The conductor at this performance, summoned at the last minute from Berlin to replace an indisposed colleague, was Caspar Richter, who also conducted a recent revival of La clemenza di Tito at the Deutsche Oper Berlin. His gift for obtaining playing of excellent quality from an orchestra was as evident in Lübeck as in Berlin, while his ability to pace an operatic score, whether by Berg or by Mozart, was equally well displayed in both cities. At the Deutsche Oper a welcome number of appoggiaturas makes up for some brutal cuts in the recitatives, which, even if written by Süssmayr and not by Mozart, can at least be understood by the audience as the opera is sung in German as Titus—Die Milde des Kaisers.

Winfried Bauernfeind's production, designed by Günter Walbeck, is set in the contemporary Vienna of the Emperor Leopold II (whose coronation in Prague as King of Bohemia was the occasion for the opera's first performance). Much of the action apparently takes place in the Park at Schönbrunn; the Capitol uncannily resembles the Karlskirche; while the final scene is laid in the baroque splendours of the Spanish Riding School. A false proscenium suggests a stage within a stage, and some courtiers who wander in, usually when Titus is expounding on the subject of clemency, are spectators of the opera as well as characters in it.

The performance is dominated by the Sextus of Agnes Baltsa who, dashingly clad in skin-tight 18th-century uniform, makes a handsome, passionate young man, and sings with an intensity and an involvement not matched by the other members of the cast, competent though they are. Annabelle Bernard phrases Vitellia's music stylishly; Gerti Zeumer as Annius and Barbara Vogel as Servilia form an engagingly youthful-looking — and sounding—couple. Perry Price sings the title role well enough, but without the projection to give Titus definite character or strong personality.

# EUROPEAN NEWS

BARRE'S ECONOMIC PROGRAMME

## Cautious bid to win back the voter

BY ROBERT MAUTHNER — PARIS, April 25.

THE NEW French Government, formed at the end of last month, to-morrow faces its first big test when Prime Minister Raymond Barre presents his programme for the next 12 months to the National Assembly.

Covering the period to the next general election, due in spring 1978, the programme has been devised to reverse the serious set-back suffered by the ruling coalition at the municipal elections last March. But no one expects dramatic new policies.

M. Barre's room for manoeuvre is small. Having pledged, when appointed in August last year, to restore the economic situation by bringing down the high rate of inflation, balancing the trade account and stabilising the franc, M. Barre has little choice but to persevere with his austerity programme, at least until this autumn.

The results of the first Barre plan are still too precarious to permit any real relaxation and the Prime Minister has already made clear that he does not intend to introduce a full-scale reflation plan at this stage.

After a sharp reduction of prices at the beginning of this year, the cost-of-living index rose again by 0.7 per cent. in February and is expected to continue along this path for some months to come. Nor, in spite of a three-fold reduction of the trade deficit since last summer, can the trade balance be considered satisfactory, since the March deficit was still Frs.1.24bn. (about £150m.).

However, the steady deterioration in employment — the number of unemployed has risen above 1m. — will clearly oblige the Government to act, particularly since the unions are showing renewed militancy and have called for national stoppages in the public sector later this week.

Though details of the Government's new measures have been kept secret, it is generally expected that they will include a series of incentives to ease unemployment and offset the arrival of 650,000 new job-seekers in the summer.

Companies which employ new workers under the age of 25—the age-group which includes half the country's registered unemployed—are expected to be exempted from the payment of social security contributions for about one year. In addition, special premiums may be granted to encourage a greater mobility of labour and the system of early retirement, which has already been introduced in some sectors such as the steel industry, could be made more general.

The Government has been examining among other schemes, a general offer to workers to retire at 60 on a pension equal to 70 per cent. of their wages, and the payment of a special premium worth up to a year's wages, to workers who undertake to find jobs abroad.

All these measures will have to be financed and, according to some reports, the Government is planning to float a new state loan for this purpose. Petrol taxes may be raised, but income taxes are considered unlikely to rise.

The Government's programme will be submitted to a vote of the National Assembly, where it is expected to obtain the required majority without much trouble. M. Barre, who needs the Gaullists' support, has gone out of his way to consult the leader of the party's parliamentary group on his policy statement and this, apparently, has been appreciated.

But voting with the Government will not prevent the Gaullists from criticising M. Barre's economic measures, which they may well consider too timid in the circumstances.

## Warm welcome for Van Dong

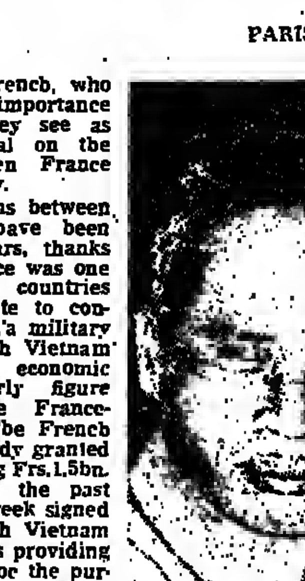
BY OUR OWN CORRESPONDENT — PARIS, April 25.

MR. PHAM VAN DONG, the Vietnamese Prime Minister, who arrived here to-day at the head of an 11-man delegation for his first official visit to France for 30 years, will be given "red carpet" treatment.

Though he is not a Head of State, the Vietnamese Premier (right), will have at least three meetings with President Giscard d'Estaing, as well as talks with M. Raymond Barre, the French Prime Minister, and French industrialists.

Exceptionally strict security measures have been taken by the French authorities, who are expecting trouble from some 50,000 Vietnamese residents in France, the great majority of them opposed to the Hanoi regime.

On a purely official level, however, Mr. Pham Van Dong can be certain of a very warm welcome from the French, who attach great symbolic importance to a visit which they see as setting the final seal on the reconciliation between France and its former colony.



In practice, relations between the two countries have been close for several years, thanks to the fact that France was one of the few Western countries which did not hesitate to condemn openly the U.S.'s military intervention in South Vietnam.

Vietnam's serious economic problems will clearly figure prominently in the Franco-Vietnamese talks. The French Government has already granted Vietnam loans totalling Frs.1.5bn. (about £180m.) over the past three years and last week signed a new agreement with Vietnam under which France is providing Frs.650m. in credits for the purchase of French industrial equipment.

## Unions step up challenge to Government

BY DAVID CURRY — PARIS, April 25.

FRENCH TRADE unions are this week stepping up sharply their challenge to the Government's economic programme by ordering strikes throughout the public and state sector. The two main unions, the Communist-led CGT and the Left-wing CFDT, have called out their members on 24-hour strike on Thursday in the state and public sector.

This will disrupt electricity and gas supply, postal services and Government administration. In addition, the unions have served notice of a rail strike from Thursday evening to Saturday evening while Paris underground railway workers will join the 24-hour strike if pay negotiations, suspended more than a month ago, do not get under way again by to-morrow.

The militantly left-wing FEN union which covers the teaching profession has not yet decided on its attitude to the strike, and may decide to let its various subsidiary groups make their own decision.

The strike movement is not unanimous. The moderate union Force Ouvriere has noticeably stayed aloof from the strike call. This makes to-day's meeting between the leader of the union, M. Andre Bergeron, and the Prime Minister, M. Raymond Barre, particularly important.

M. Bergeron hopes to convince M. Barre of the need to tackle unemployment, possibly by advancing the age of retirement, and to urge that no redundancy should be permitted in the steel industry before the agreement between management and unions of a programme of re-training and redeployment.

He would also like to see greater freedom for collective bargaining in the public sector.

The Force Ouvriere is strong in the steel industry, where the Government's plans for reorganisation are meeting strong union resistance, and in the public sector. M. Bergeron cannot afford to be outflanked in militancy by his more left-wing colleagues in other unions, while M. Barre will be anxious to pacify M. Bergeron without compromising his belief that the anti-inflation programme takes absolute priority.

To complete the strike scene the CGT dockers staged their fifth one-day national strike last week since the conflict over manning at the port of Dunkirk started eight weeks ago while the new Paris city administration of M. Jacques Chirac is facing its first big industrial relations clash in the shape of a dustmen's strike over special payments.

● CGT said to-day that it has proposed that workers at the Thionville factory of the French steel concern Usinor should occupy the plant in protest against company plans to reduce the work force, Reuter reports. The proposal will be put to other unions to-day and, if accepted, will then be put to a secret ballot among the workers, it said.

Usinor plans to reduce the Thionville workforce to 750 by making 1,000 workers redundant and by redeployment or early retirement of 2,500 workers. The plan forms part of a national programme to phase out obsolete operations in France's steel industry, which at present employs about 150,000.

● Saviem, a truck-building subsidiary of the Renault group, to-day told workers at its plant at Blainville-sur-Orne on the northern French coast, that 4,800 of the plant's 7,000 workers will be laid off for five days next month, AP-DJ reports.

Saviem has been taking similar measures each month since the beginning of the year because of what it terms a considerable decline in sales.

## Callaghan meets Schmidt on Rhine tour

BRITISH Prime Minister James Callaghan had discussions on preparations for next month's world economic summit in London during a two-hour meeting with West German Chancellor Helmut Schmidt in Brueggen yesterday, Reuter reports.

Herr Schmidt said later they had not discussed financial arrangements for the 55,000 British troops based in West Germany. Mr. Callaghan's visit had the twin aims of meeting Herr Schmidt and inspecting British military installations in West Germany.

The last offset agreement under which West Germany helped finance the British military commitment in West Germany ran out in March of last year, and Britain has been pressing Bonn to resume contributions towards the maintenance of the troops.

The cost of Britain's Rhine Army is estimated at about £500m. a year. Under the old agreement West Germany made an annual cash contribution of £20m.

### Belgian lock-out

Some 5,000 workers at two major Belgian shipyards were locked out yesterday in an unprecedented move by the managements after trade unions turned down a compromise package, AP-DJ reports from Antwerp. The lock-outs were decided by the managements of the Cockerill and the Boel shipyards followings months of strikes and work-to-rule at the Hoboken and Temse yards.

### French-Saudi energy

The French state-run utility Electricité de France (EDF) announced yesterday that it had signed a co-operation agreement with Saudi Arabia on solar energy, AP-DJ reports from Paris. EDF will send specialists to Saudi Arabia next month to give advice and be in charge of setting up solar energy equipment.

### Czech wants to leave

CZECHOSLOVAK dissident and former senior Communist Party official Zdenek Mlynar said yesterday that he planned to emigrate to Austria, dissident sources said, UPI reports from Prague. He said that he only will emigrate if authorities consent that he return whenever he likes, the sources said. Mr. Mlynar is a signatory of the Charter 77 manifesto on human rights in Czechoslovakia.

### W. German tax

West German federal and state tax revenues rose by 13.4 per cent., and by DM7.3bn. in the first quarter of this year, to DM61.8bn., compared with the first quarter of 1976, the Finance Ministry said, Reuter reports from Bonn. In March alone, the rise, compared with that month last year, was 16.1 per cent., DM3.4bn., up to DM24.4bn., it said.

## N-S talks resume in Paris

By Our Own Correspondent — PARIS, April 25.

THE North-South dialogue between the industrialised and developing nations will resume here to-morrow, after a five-month interval with the aim of tying-up a package deal by the beginning of June.

Although the U.S. Presidential Election, one of the reasons for the adjournment of the conference last November, is now out of the way, and in spite of the Carter administration's more positive attitude towards the talks, the chances of a successful outcome by the self-imposed deadline are generally considered to be slim.

Little or no progress has so far been made towards solving the main problems which still divide the Group of 19 oil-exporting and developing countries and the eight-member industrialised group — the problems of re-scheduling the developing world's debts and guaranteeing its export earnings.

When the conference adjourned, the industrialised camp, grouping the U.S., Japan, the EEC, Canada, Sweden, Switzerland, Australia and Spain, showed no signs of accepting the demands of the Group of 19 for the indexing of oil and raw materials prices to Western inflation rates, or for a global debt relief programme.

Presumably the industrial camp will now be ready to make some compromise, but it remains to be seen whether these go far enough to satisfy the developing countries.

The conference will open to-morrow with a meeting of the two co-chairmen, Mr. Allan MacEachen, the Canadian Deputy Premier, and Sr. Perez Guerrero, Venezuelan Minister of State, and the eight co-ordinating commissions on energy, raw materials, development aid and finance.

Detailed bargaining in the ...

## Portuguese celebrate revolution

LISBON, April 25.

PORTUGAL to-day celebrated in a blaze of colour the third anniversary of the revolution that ended half a century of dictatorship.

Air Force jets screeched low overhead as 3,000 troops and 500 military vehicles passed down the Avenida Liberdade in brilliant sunshine.

The route was lined by tens of thousands, waving the red and green Portuguese flag and red carnations, symbols of the young captain's coup that toppled the dictatorship.

However, the euphoria of three years ago was not recaptured. Only a few people threw carnations on the marching troops and some even raised clenched fists and booed when the crack commando regiments and the para-military Republican National Guard marched past.

The commandos were instrumental in crushing the 1975 Left-wing military uprising which led to the disgrace of many officers responsible for organising the April 25 coup in 1974.

Among the disgraced was Major Otelo Saraiva de Carvalho, operational commander of the so-called Flower Revolution, who is now awaiting a verdict by the Army's Higher Disciplinary Council on charges of incompetence and unethical conduct.

He has been banned from public speaking, and a handful of his supporters carried banners reading "Why don't they let Otelo Speak?"

President Antonio Ramalho Eanes, who as an obscure lieutenant-colonel, organised the defeat of the Left in November 1975, took the salute at the two-hour march-past.

In a speech to the military before the parade, General Eanes promised that the armed forces would defend democracy and the constitution in Portugal.

"We reiterate here that only to the nation do we belong, only to the democratic will of the people do we feel attached, (and) we only recognise the constitutional institutions . . ." General Eanes said.

General Eanes was elected Presi-

## Italy unions to halt industry as IMF formalises $530m. loan

BY PAUL BETTS — ROME, April 25.

THE ITALIAN Treasury Minister Sig. Gaetano Stammati left to-day for an IMF executive meeting in Washington which will formalise the IMF's $530m. loan to Italy as workers planned a strike to halt the country's largest industries on Wednesday.

The strike is expected to halt production at major groups like the Turin-based Fiat Company, Montedison Chemicals conglomerate, the state steel concern Italsider, the national energy group ENI, and the Alfa-Romeo car manufacturing company.

Italy's three main trade union confederations have called for strikes in protest against the long drawn-out factory agreements in a large number of the country's industrial giants. The unions are demanding fringe-benefit increases which the employers claim they cannot pay.

However, the three labour confederations say the strike aims to focus attention on more general issues, including their demand for an investments programme and a recovery in production especially in the depressed south of the country, Mezzogiorno.

The three confederations, which are meeting later this week to draw up a joint economic and social programme, have also expressed misgivings over the Government's letter of intent to the IMF for the $530m. loan, claiming the letter contained some of the Government's previous assurances to promote industrial and agricultural investments, especially in the south. They claim the policy outlined in the letter of intent ignores the unions' demands for radical change in the present restrictive economic policy of the minority Christian Democrat Government of Sig. Giulio Andreotti.

The unions have also asked for an urgent meeting with the country's political forces to discuss the country's economic strategy.

Before leaving for Washington to-day, Sig. Stammati expressed optimism on the lira which, for the first time since May of last year, is not being supported.

This follows the final reduction earlier this month of the last 10 per cent. of an original 50 per cent. import deposit scheme introduced together with an intense foreign currency surcharge to protect the lira.

Sig. Stammati said the lira should remain stable during the next few months—a "traditionally favourable season" for the Italian balance of payments, as a result of tourism and emigrant remittances.

### Greek prices rise 2.7%

GREEK consumer prices increased by 2.7 per cent. in March over February, and by 10.8 per cent. compared with March, 1976, the National Statistics Service said yesterday, AP-DJ reports from Athens. The consumer price index with a 1974 base of 100, reached 139.3 in March, up from 135.8 in February and up from 125.9 in March, 1976. The Statistics Service said that the increase in March was due to higher prices for clothing, food and household goods.

### Production up in Russia

Industrial production in the USSR rose by 5.6 per cent. in the first quarter of this year compared with the first quarter of 1976, meeting the official target set by Soviet planners, the Government newspaper Investia said, Reuter reports from Moscow. However, while oil, gas and electricity industries increased their overall production, they grew at a substantially slower rate than in the equivalent period of 1976, it added.

### Swiss foreign reserves fall

ZURICH, April 25.

THE SWISS National Bank said to-day that its foreign exchange reserves declined by Sw.Frs.343m. to Sw.Frs. 12.678bn. in the week ended April 22.

The bank said that the decline was due to an outflow of dollars because of capital exports, which must be converted into the U.S. currency. However, the outflow was partly offset by an inflow of

## Danish news strike failing

BY HILARY BARNES — COPENHAGEN, April 25.

DENMARK'S LEADING morning newspaper, Berlingske Tidende, appeared here to-day for the first time since January 30 in a 16-page emergency edition. The paper was produced without the assistance of the printing staff, who have been on strike since the end of January.

Before to-day's newspaper could leave the central Copen-

Friday, when the management at Jyllands Posten, the biggest provincial daily, told printers they would be dismissed and the paper published without their help if they did not return to work by midnight on Friday, which they did.

At the weekend, agreement was reached between the pub-

# AMERICAN NEWS

## Higher inflation, lower growth forecast in U.S.

BY JUREK MARTIN — WASHINGTON, April

THE Carter Administration has revised its economic estimates for 1977 and now predicts appreciably higher inflation and rather lower real growth for the current year.

The key points in the latest calculation of the Office of Management and Budget are that consumer prices will rise by 6.7 per cent this year, up from the 5.3 per cent. estimate of three months ago, while real gross national product (GNP) will go up by 4.9 per cent., down from the previously projected 5.4 per cent.

The unemployment rate will average 7.1 per cent. over the current year, though the Budget Office is sticking to the Administration's oft-stated optimism that by the end of the year it will have fallen below 7 per cent. It currently stands at 7.3 per cent.

As was expected, following President Carter's decision ten days ago to drop his proposed $50 tax rebate scheme, the Budget Office has also revised downwards appreciably its estimates of the federal budget deficit for this year by nearly $20bn. to $48.7bn. from the earlier projection of $68bn.

The outlook for next year, however, is considered to be rather better, with a 5.6 ... rise in real GNP, a 5.6 ... increase in consumer pri... an average unemployme... of 6.4 per cent.

## U.S. policy on IMF sea...

BY OUR OWN CORRESPONDENT WASHINGTON, April

THE U.S. has no objection to Saudi Arabia acquiring a permanent seat on the Board of Directors of the International Monetary Fund but does not think it necessary to increase the size of that body in order to achieve this.

This was made clear by Mr. Anthony Solomon, the Assistant Treasury Secretary for Monetary Affairs, this morning, three days before the IMF's Interim Committee begins discussion of the so-called "Witteveen facility," which is designed to provide as much as an extra $14bn. in additional international liquidity, in part by tapping the O... surpluses.

Mr. Solomon went to... length to avoid raising ho... agreement on the faci... either practice or even p... —would be reached be... week.

Some uncertainty has... created because of the ap... reluctance of the Saudis t... mit themselves unreserve... the facility. These reser... were understood to centre... question of representation... IMF Board and on the i... rates that the Saudis... receive for their contrib... to the facility.

## Perez eases food import curbs

BY JOSEPH MANN — CRARACUS, April

ACUTE SHORTAGES of basic foods in retail markets throughout Venezuela have brought angry complaints from consumers and have prompted the Government to lift import restrictions on more than a score of widely consumed items.

Up to now the Government has held a virtual monopoly on the import of consumer foods such as powdered milk, beef, chickens, eggs, butter, and vegetables, and has imported heavily to cover domestic deficits. Last week, however, the Government's Information Minister, Sr. Diego Arria, announced that all licensing and duty restrictions on private sector imports of "basic food items" were being dropped for three months, thus opening the door to the private sector.

The Government's move, following months of embarrassing shortages in food markets, amounted to an admission that even major official importing is not sufficient to meet demand. Last year alone the Government's agricultural marketing agency (CMA) imported agricultural products worth $433m, and will probably spend even more this year.

The food situation is a particularly awkward problem for the Government of President Carlos Andres Perez, since his administration has given top priority to domestic agricultural output almost since the day it took office. A major share of petroleum revenues earned since 1974 have been spent on agriculture, but production has been unable to keep up with rocketing demand.

Agricultural programmes have been plagued by bad weather and pests, poor administration, Government price controls on basic foods and many other problems. The government spent 12 per cent. of last year's total budget of $10.36bn. on agriculture, including low-interest loans to farmers and cattlemen totalling $494m. Nonetheless gross agricultural pr... shrank by 1.8 per cent. Alth... beef and pork production... the increments were con... ably below national demand... the output of milk and... dropped.

Last year proved to be d... trous for most farmers and s... cattle men. Rats consumed ... of Venezuela's rice crop... tenacious plant disease... maize production; se... droughts in some regions... flooding in others destr... other crops and limited... and milk output.

The Government's new ru... on imports covers a br... spectrum and includes... pork, salt, chickens, eggs,... maize, and potatoes, but d... not include coffee, rice... sugar, which have also been... short supply.

No one is sure how prices... be affected, since almost all... items come under strict off... price controls.

## GM ordered to act on engine transplant cars

NEW YORK, April 25.

ABOUT 5,000 New York owners of 1977 new model Buick Oldsmobile and Pontiac cars equipped with Chevrolet engines will be entitled to exchange them for new ones after a final consent judgment obtained to-day by the office of Attorney-General Louis J. Lefkowitz against General Motors Corporation.

The judgment, signed by Justice Hyman Korn of the Supreme Court, orders General Motors to offer the buyers two alternatives to be exercised before June 1, 1977: they can either exchange their car for a new 1977 car of their choice equipped with the engine of their choice provided it is available for production and installation in their replacement vehicle; or they can keep their car and receive a free mechanical performance insurance policy issued by Motors Insurance Corporation, good for 36,000 miles or three years.

The court ruled that General Motors must promptly advise each affected owner by letter of restitution offer, which covers those who took delivery before April 1, 1977.

eGneral Motors must also recommend to its dealers that any purchaser who has not yet received delivery of a Buick, Oldsmobile or Pontiac which contains a Chevrolet engine be allowed to cancel his purchase agreement and receive a full refund of money paid in advance.

The judgment gives the Attorney-General the right to apply for further relief. General Motors entered into this consent judgment without admitting any violation of law.

AP-DJ

## U.K. budgetary study

BY DAVID BELL — WASHINGTON, April 25.

SIX MEMBERS of the House of Commons Expenditure Committee returned to London at the week-end after an exhaustive week-long examination of U.S. budgeting and budgetary control techniques.

The MPs, members of the General Subcommittee of the House Expenditure Committee, visited the Office of Management and Budget, the Congressional Budget Office, the Federal Reserve, both houses of Congress and the U.S. Treasury.

They were most impressed, however, by their visit to the General Accounting Office, the congressional watchdog agency whose job is to investigate on behalf of a congressman or senator any matter that a legislator wants investigated. Mr. Michael English, the chairman of the subcommittee, said he was most impressed by the standard of the GAO's work and the range of subjects it covers.

The subcommittee was also impressed by the U.S. civil service attempt to measure the productivity of civil servants—67 per cent. of members of the civil service are now assessed this way—and also by the U.S. practice of making individual units within government departments accountable in financial terms.

The subcommittee will meet later to consider in detail what it has seen here and its possible application to the British civil service.

A report on its investigation, which has been under way in Britain for some months, is expected later this year.

## Citibank warning to New York

NEW YORK, April 25.

NEW YORK'S Citibank has said that there is no longer any reason why a combined New York and American stock exchange has to be located in New York or for continued concentration of other financial institutions in the city.

The bank, in a report, warned that New York state and New York City policies of excessive taxation may drive out the financial community, which it called the only growth industry left here. "New York City and New York state have taxed the financial sector with little concern for the possibility that the goose (that laid the golden egg) could be killed," Citibank said in a report called "The Financial Community and New York."

Citibank, which makes 70 per cent. of its profits outside the United States, said that new electronic methods of communication and transfer of funds mean that the reason for the financial community to remain cluttered in Manhattan has diminished.

"There is no longer a reason why a new combined New York and American Stock Exchange has to be located in New York. There is no reason why the largest U.S. banks have to remain in New York. And there is even less reason why major insurance firms have to stay in the city," it said. The report made no threat that Citibank itself would leave town.

AP-DJ

## Mexico may supply gas to western U.S.

TIJUANA, April 25.

MEXICO is again being asked to help meet the shortage of natural gas in the U.S., as it did during the severe winter crisis in the east. This time it is the West Coast that wants supplies. Mr Edmund Brown, the Governor of California, met Mexico's President Jose Lopez Portillo on Saturday and told a news conference afterwards that the President is open to agreements that would channel natural gas from Mexico's Baja peninsula to the western U.S.

"Mexico is now exploring and ...

## Anti-trust inquiry seeks natural gas pricing data

BY JAY PALMER — NEW YORK, April 25.

THE U.S. Justice Department confirmed this morning that it has started a sweeping new anti-trust inquiry into America's natural gas producers and pipeline operators in an attempt to determine whether they violated federal laws by fixing intrastate gas prices.

News of this investigation comes less than a week after President Jimmy Carter unveiled his U.S. energy plan which included proposals to ...

timing of this investigation was political. The initial groundwork was started a long time ago, he stressed.

Preparing the way for its civil inquiry, the Justice Department has issued subpoenas requesting information and documents about contracts and price negotiations with at least four companies located in the main gas producing states of Oklahoma, Texas, Louisiana and New Mexico.

## OVERSEAS NEWS

WESTERN PRESS EXPELLED

# Ethiopia closes consulates

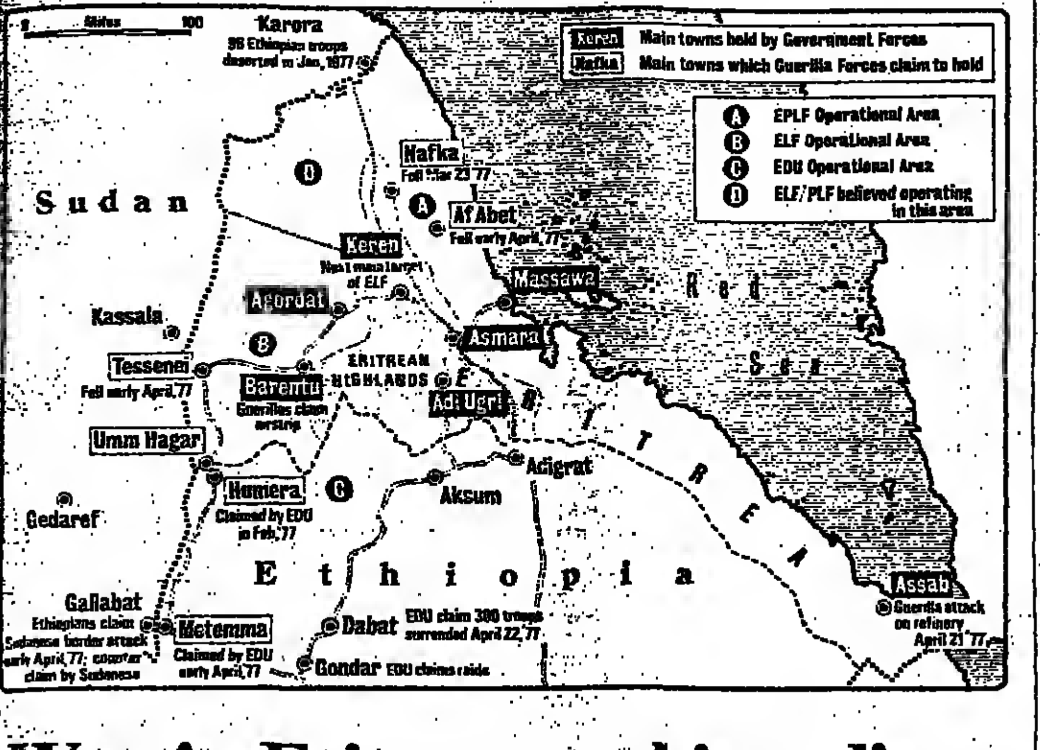
BY OUR FOREIGN STAFF

ETHIOPIA yesterday ordered the three western correspondents based in Addis Ababa to leave the country within 48 hours. The three journalists—who represent Reuter, the Washington Post and Agence France-Presse—were accused of distorting news about Ethiopia and relying on "propaganda" from opposition sources.

The government's move followed its decision over the weekend to close six foreign consulates in Asmara, capital of the northern province of Eritrea where a secessionist war is raging. The U.S. government was also told to withdraw its military missions and close its cultural centres. The consulates are those of the U.S., Sudan, Italy, France, Belgium and Britain. Observers believe that their closure reflects the worsening military situation in the province where the Ethiopian army may be planning a counter-attack. The ruling Provisional Military Council or Derg may want to get foreign observers out of Eritrea.

The closure of the military missions and the final shutdown of the Kagnew base are seen by observers as confirmation that Ethiopia is swinging away from its western alignment, symbolised by the 25-year defence agreement with the U.S. President Carter said in February that arms supplies to Ethiopia as grants would be halted, owing to alleged human rights violations. The defence agreement was due to end next year. It is now expected that Ethiopian ties with Eastern Europe will be consolidated.

Meanwhile, the Ethiopian Democratic Union, which is waging a guerilla war in the northern provinces, including Begemdir, claimed in London yesterday that it obtained the surrender on Thursday of 300 heavily-armed Ethiopian troops of the Flame division. The incident took place near the town of Dabat, north of Gondar.




# War in Eritrea reaching climax

BY JAMES BUXTON

THE CLOSURE of Western consulates in Asmara is an indication that the war for the secession of Eritrea is building up to a climax. Guerilla forces are strengthening their grip on the countryside in the province and in the past few months have taken a succession of towns. The rebels are stepping up their attacks on the remaining Ethiopian strongholds and the possibility of victory is mounting.

Though the war has been going on for 15 years the Arab States which back the guerilla movements have significantly increased their support and the 25,000 Ethiopian troops in the province have not been able to prevent the recent string of losses.

As the map shows, the guerillas are now in a position to concentrate on the remaining Ethiopian strongholds in the province. These include Barentu, Agordat, Keren and the capital Asmara. They already operate around and, to some extent, inside these towns. Many observers believe that their next main target is Keren, thought to be defended by about 5,000 troops.

Ethiopian army morale is believed to be poor, the terrain is largely unsuitable for armour and the air force is thought to be virtually grounded. The armed forces can only move on roads still in Government hands in heavily guarded convoys. The rebels are able to use good supply lines through Sudan.

Nevertheless, the Ethiopians are reported to have received military equipment from the Soviet Union, and still benefit, as they have in the past, from the bitter internal dissent among the guerilla forces. The following is an assessment of their relative strengths:

The Eritrean Liberation Front (ELF): operates to the west of the fairly rigid dividing line between the two groups. Highest estimates of their strength give them 25,000 regulars and a further 10,000 irregulars; lowest estimates a total of 10,000. Politically moderate, and predominantly Muslim, they are believed to receive backing from Syria and Sudan, with Saudi Arabia providing finance. Leader is Ahmed Nasser.

The Eritrean Popular Liberation Front (EPLF): operates in the east of Eritrea and is thought to penetrate as far south as Assab. Highest estimates of strength 10,000, lowest 4,000, but generally considered superior fighters to ELF. Leadership broadly Marxist, members both Christian and Muslim. Secretary general Ramadan Mohammed Nur. Believed to receive financial backing from Iraq and material support from South Yemen, though may also use supply lines through Sudan.

Eritrean Liberation Front/Peoples Liberation Front (ELF/PLF): a splinter group led by the former EPLF leader Osman Saleh Sabhe. Believed to operate in sparsely populated north-west of Eritrea but may have units in Asmara area. Highest estimates 2,000, lowest about 700. Fighting qualities unknown. Believed to receive support from Iraq and possibly Libya.

Ethiopian Democratic Union (EDU): not engaged in fighting in Eritrea and claims no co-ordination with Eritrean guerillas but shares their hostility to the Addis Ababa Government. A Right-wing union of anti-Government forces operating in Begemdir and other northern Ethiopian provinces. Uses Sudan supply lines. Claims to have 10,000 men in Begemdir, and several thousand in other provinces.

Last week the ELF and the EPLF leaders met inside the province to try to reconcile their differences. There is speculation that the ELF may be requesting EPLF support in a siege of Keren.

Observers remain sceptical as to whether lasting agreement between the groups can be reached. Most assessments suggest that the rapidly rising strength of the guerillas makes an assault on the bigger towns feasible; the fall of Keren could be sufficient to shake Ethiopian determination to hold the province.

# Protests at Soweto rent rises

BY QUENTIN PEEL

JOHANNESBURG, April 25.

PLANS ARE being drawn up for mass protests against rent rises of up to 40 per cent being imposed on black house-holders in Soweto, the main black township outside Johannesburg, where riots last year provoked similar disturbances across South Africa in black townships.

A vigilante group in the vast township has called a protest meeting for Wednesday, and the chairman of the Urban Bantu Council there has announced that a delegation is to fly to Cape Town on Thursday to protest to a government minister. A leading race relations worker has warned that the situation in the township could become "explosive."

But officials of the West Rand Bantu Administration Board (WRAB), the organisation which controls the township, insisted to-day that any public meeting would be illegal.

It is still unclear just how large the planned rent increases, to take effect on May 1, will be. WRAB officials say that each house-holder will be informed individually. However, the Board housing director, Mr. Mathys Wilsnach, said to-day that the rises would average between 30 and 40 per cent.

There will also be increases of up to at least 100 per cent in other charges levied by the Board—including burial charges, church rates, rents for hostel inmates, and charges for renting such facilities as community halls—according to the black, mass circulation newspaper The World.

A first protest meeting against the increases was held in Soweto yesterday by the Makgotla vigilante group, which called on the WRAB to explain the reasons for the rent increases. The vigilante leader, Mr. Siegfried Manthata, called on Soweto residents to stay away from work on Wednesday to confront the chairman of the WRAB. And a former mayor of Soweto, Mr. Peter Lengene, said, "we will not pay the increased rents in any circumstances."

The Soweto Student's Representatives Council, the organisation which led last year's protests against the teaching of Afrikaans in black schools, which triggered the township riots, has reportedly "advised" the WRAB to reconsider the rent increase "while time still allows it." A statement issued by the students appealed to the board not to "repeat the mistake made by certain officials of Bantu education" in handling the language issue last year.

The proposed rent increases come only days after an increase in the maize price, estimated at 20 per cent, and after rises in the coal price in Soweto because of increased rail charges. Both items account for a substantial part of black spending.

The rent rises have been estimated by newspapers here to range as high as R.5.25 on an existing R.6.25 rent. But such increases have been denied by WRAB officials who say that the reason for the rent rises is that the board's housing account is being run at a loss and subsidies, which were formerly available from the profits of beer sales in the township, no longer exist since bottle stores were destroyed in last year's disturbances.

# Ministers sacked in Zambia

LUSAKA, April 25.

PRESIDENT KENNETH KAUNDA of Zambia has dismissed two Government Ministers for engaging in the activities of a banned opposition party, the State House announced to-day. The announcement also said that another Minister had been sacked and two more had resigned for health reasons.

The two dismissed for activities in the banned United Progressive Party led by former Vice-President Simon Kapwepwe were Mr. Axon Soko, Minister of Mines and Industry, and Mr. Zongani Banda, Minister of State in the Ministry of Transport, Power and Communications.

Dr. Nephas Sefelino Mulenga was dismissed as Minister of Lands, Natural Resources and Tourism because, the announcement said, he was "engaged in activities tantamount to abuse of office."

Commerce Minister Mutumba Bull, and the minister of state for Lands, Natural Resources and Tourism, Mr. Timothy Kankasa, have been dropped from the cabinet for health reasons, the State House announcement said.

The new minister of Mines and Industry is army commander Gen. Kingsley Chinkuli.

President Kaunda also said he might soon make changes in the hierarchy of the ruling United National Independence party.

Reuter

ON OTHER PAGES



# Syrians mop up Palestinians in Beirut

By Ihsan Hijazi

BEIRUT, April 25.

HUNDREDS of Syrian troops of the Arab peace-keeping force to-day continued their mopping up operation against Palestinian extremists and Lebanese left-wing militants in two quarters of Moslem-dominated west Beirut.

The magnitude of the operation, described as the largest since the troops came here to end the civil war six months ago, has caused profound anxiety among the Palestinians. Mr. Yassir Arafat, in his capacity as commander-in-chief of Palestinian forces put his men on alert.

The fighting, in which tanks, armoured cars and other heavy weapons were used, is on the approaches to two main Palestinian camps, Sabra and Chatila, at the southern end of Beirut.

Press reports said that a large number of persons have been killed and wounded since the drive began on Saturday night. They put the number of dead at between 15 and 35.

The Palestine Liberation Organisation has insisted that its men were not involved, and expressed surprise and dismay that the Syrians continued the military drive, even though four persons accused of killing two Syrian soldiers on Friday had already been arrested.

The dragnet was originally launched to avenge the killing of the two Syrian soldiers, but has been expanded into an all-out operation against two groups known to be backed by Iraq, which is ruled by a regime strongly opposed to Syria.

The two factions are the General Command splinter Palestinian group, led by a man known as Abul Abbas, and a Nasserite Lebanese organisation led by Mr. Issam al Arab. Reports circulating here said both men are in Baghdad.

MOROCCAN INTERVENTION IN ZAIRE

# The Sahara connection

BY ANTHONY McDERMOTT

MOROCCO'S INTERVENTION in Zaire is the third time in the past four years that King Hassan has undertaken a calculated gamble with his troops on foreign territory.

The first was the despatch of troops to the Golan Heights in March 1973, several months before war broke out. This fortunate stroke of timing did much to end Morocco's isolation in the Arab world and it countered accusations by the more radical States of softness towards Israel. Its gained the King popularity at home.

The second was King Hassan's handling of the partition of Spanish Sahara between Morocco and Mauritania. By doing a secret deal with Spain, King Hassan was spectacularly successful in outwitting, for a time, both Algeria and the Frente Polisario, the pro-Saharan guerilla organisation. His timing was skilful, too, because Algeria was able to get only limited support from an Arab world divided and distracted by the Lebanese civil war for its view that Saharans should be allowed to choose their own future.

## Casualties

The much-televised Green March into Sahara of November 1975 gave the Moroccan people a feeling that they were contributing to the success of the armed forces in regaining the "sacred homeland." The issue was emotive enough to end King Hassan's political isolation at home and to bring the support of the opposition. It helped consolidate a period of political stability which had followed two almost successful military coups in 1971 and 1972, and a guerilla uprising in the Atlas mountains in 1973.

The success of the Saharan exercise has clearly begun to wear off. Polisario continues to inflict casualties on Moroccan and Mauritanian troops and to tie them down sufficiently to bring the war occasionally in to those countries themselves.

The continued fighting in Sahara is becoming a drain on morale as well as resources. This year King Hassan is spending $733m. on his 60,000-strong armed forces.

In his mind there is a direct link between resistance in Sahara and the fighting in Zaire's Shaba province. In a version of a newspaper interview broadcast on Rabat Radio recently he took this further. Marxists, he said, were using plots against Mauritania as a means of attacking ultimately Morocco, and against Sudan as a way to take over Egypt.

According to Moroccan officials King Hassan sent his expeditionary force of 1,500 crack troops to the province in Zaire "to defend its unity and territorial integrity against attacks launched by mercenaries outside Zaire and trained by foreigners." The mission of his troops in Sahara is seen to be the defence of the region against forces armed, financed and trained by Algeria.

Without having produced any evidence, Morocco has claimed that Cubans are involved and that some were killed in a clash last month. Morocco thus officially believes that Cubans—with the tacit support of the Soviet Union—are behind both the attacks on Shaba Province from Angola and those on Sahara from Algeria. The parallels are carried further by claims that, behind the aggression of "socialist" states such as Algeria and Angola against "moderates" such as Morocco and Zaire, lies the desire to seize vital economic resources: the copper mines in Shaba and the phosphate deposits in Sahara.

Morocco's international and domestic gains from sending the expeditionary force to Shaba province could be limited. Morocco lays great stress on the "legitimacy and legality" of its action against subversion, emphasising that it takes place under the auspices of the Organisation of African Unity (OAU) and at the request of President Mobutu. The current OAU chairman, Sir Seewoosagur Ramgoolam, has publicly endorsed the Moroccan intervention.

But it is very doubtful that as support for Zaire will improve Morocco's relations with the OAU. It is likely to aggravate the divisions in the organisation's ranks. On February 25 at the Lome OAU ministerial meeting Morocco decided to suspend its participation because of the presence at the opening ceremony of Polisario representatives, and because of an OAU report which accused Morocco of involvement in a curious mercenary invasion of Benin the previous month.

But reports from Morocco indicate that while it was relatively easy to gain popular support from the Golan Heights operation because of Israel, and from the initial stages of the involvement in Sahara because of Algeria, with which a war was fought in 1963, there are critics who believe that King Hassan's intervention in Zaire could lead to a major confrontation between East and West in Africa.

## Enhanced

On March 1, King Hassan appointed four members of opposition parties as Cabinet members for the first time since 1962. So far, the opposition, through the Press, has made no comment at all about the African adventure, and this silence almost certainly indicates disapproval. But if the military operation turns out a success, then King Hassan can boast of Morocco's enhanced international standing, the debt owed by the West, and allow the military to enjoy some glory after the grind against the guerillas in Sahara.

If it fails, the opposition members of the Government may show their reluctance to share responsibility for a decision about which they were not consulted, by refusing to co-operate in the parliamentary elections scheduled for later this year. Failure would strengthen their suspicions that Morocco has been used by France, which ferried its troops by air, and by the U.S. to fight a Western war in Zaire.

# Accusation on oil sales to Rhodesia

By Martin Dickson

THERE IS a "strong" but not proven case for suggesting that the South African subsidiaries of Shell and BP have deliberately participated in the establishment of a complicated system of documentation to disguise oil sales to Rhodesia, the Anti-Apartheid Movement (AAM) claimed yesterday in a submission to the British Foreign Office.

The allegation marks a distinct hardening of the movement's claims that the two companies have been involved in the circumvention of sanctions against Rhodesia. Until now, the AAM had argued that, while there was little doubt that oil from Shell and BP was reaching Rhodesia, it was not clear whether the companies' South African subsidiaries had been actively involved in this trade.

The AAM submission to the Foreign Office, made jointly with the Haslemere Group, an independent Third World pressure organisation, is designed to assist the Government's inquiry into allegations that Shell and BP have been evading sanctions.

The AAM submission gave little evidence to substantiate claims of deliberate involvement in the breaking of sanctions by the two South African subsidiaries, but one of the authors, Mr. Martin Bailey, told a news conference that investigations carried out by the movement had produced "strong grounds for believing that this is the case."

However, the submission stresses that AAM is not accusing Shell and BP in London of direct involvement in breaking sanctions. The head offices of both companies have previously denied involvement in trading with Rhodesia, either by themselves or their subsidiaries.

# Surge of Japanese exports ending, says Mitsubishi

BY CHARLES SMITH

TOKYO, April 25.

ALTHOUGH JAPAN'S export earnings have continued to grow very strongly in the past few months, most of the increase has been due to higher prices rather than to volume, according to a report published to-day by Mitsubishi Bank.

This contrasts sharply with the situation of a year or so ago when export prices were fairly stable and the volume of exports was expanding very rapidly. Mitsubishi cites these facts in support of the view that the upsurge in Japan's exports which has caused problems in trade relations with Europe and the U.S., may now be nearing its end.

On a volume basis Japanese exports rose no less than 29 per cent. in the second quarter of calendar year 1976 over the same period of the previous year, Mitsubishi says. This rate of increase diminished gradually to 25.4 per cent. in the third quarter 11.5 per cent. in the fourth quarter and to 5.3 per cent. in the first three months of 1977.

Export earnings in February 1977 were up no less than 20.7 per cent. on the previous year, but 19.1 per cent. of this rise was accounted by a rise in the price level of exports.

Mitsubishi attributes the big surge in the volume of Japanese exports early last year to the recovery of the American economy and a consequent rapid replenishment of depleted inventories of Japanese goods held by U.S. distributors.

It points out that Japan's strongest export items, cars, steel and electronic consumer goods have all been exported in smaller volume during recent months than was the case a year or so ago.

Car exports in the second quarter of 1976 averaged 320,000 units per month but this figure fell to between 300,000 and 310,000 units per month in the second half of 1976 and has recently been hovering at around 290,000 units per month.

Steel exports have similarly fallen off from around 3.1m. tons per month in the spring of 1976 to just under 2.5m. tons in the first quarter of 1977.

For colour TV, the fall has been from an average of around 950,000 sets per month in the second half of last year to 660,000 sets per month early this year.

The prices quoted by Mitsubishi for these export items show a contrary trend, with first quarter 1977 levels generally higher than those of a year earlier. Colour TV export prices early this year were only 2.5 per cent. higher than a year ago while cars were up a modest 3.6 per cent. Steel plate, however, showed a rise of 21 per cent., polyester fibre was up 7.8 per cent. (partly owing to a switch to more highly processed types).

A general rise in the value of plant exports is attributed by the bank to the post-oil crisis inflation which was in full swing when the contracts were signed for much of the plant shipped during the past few months.

Mitsubishi stresses that its findings on higher export prices do not yet reflect much of the impact of the yen's recent inflation against the dollar.

# Warning on disruption of EEC clothing market

BRITAIN'S Clothing Industry's Council for Europe, which represents the U.K. industry on EEC matters, yesterday urged the Government to maintain its stand in favour of introducing measures to halt cumulative disruption into the GATT and multi-fibre arrangement when it is renegotiated later this year.

It said that the member States of the EEC were nearly at the end of long internal discussions to determine the mandate which EEC negotiators will carry to the GATT textiles committee when it resumes MFA discussions.

The British CICE insisted that this mandate must include proposals to end the danger of cumulative disruption of EEC clothing markets.

This was the name given to the process whereby markets for individual products in importer countries could be disrupted by a large number of suppliers, many of whom may individually supply small amounts.

Such small suppliers could not be dealt with under the terms of the present MFA, but their cumulative effect upon the market available to domestic suppliers of sensitive products where import penetration is already high could be very serious.

# W. German banks extend DM2.5bn credit to USSR

BY LESLIE COLITT

BERLIN, April 25.

TWO LEADING West German banks, Dresdner Bank and Westdeutsche Landesbank, have extended a DM2.5bn. (£609m.) line of credit to the Soviet Union, the largest single West German credit to that country. The framework agreement has been signed by the two banks and the Soviet authorities for the purchase of turn-key chemical plants and equipment in West Germany.

The huge credit, "at prevailing rates," according to one of the banks involved, is for the construction of polyester fibre and filament plants in the USSR, as well as factories to produce feedstock for polyester fibres. Dresdner Bank is providing DM1.4bn. and Westdeutsche DM1.1bn., the credit being guaranteed by Hermes, the official West German export credit reinsurance agency.

The engineering company Friedrich Uhde a subsidiary of Hoechst AG of Frankfurt, one of the world's largest chemical companies, is to build the fibre and thread plants in the Soviet Union. Fried. Krupp Gmbh. and Heinrich Koppers Gmbh. are to erect factories producing the DMT component for polyester fibres. The contracts are expected to be completed in a few months' time, according to a Hoechst spokesman.

The largest previous West German credit to the USSR was for the purchase of a large-diameter, seamless pipeline from the Mannesmann Company. West Germany has been receiving large amounts of natural gas from Soviet fields as repayment in an exchange of Soviet raw materials for western technology. The new deal may also involve compensation deliveries of raw materials from the Soviet Union.

West German bankers emphasise that there is no question of the U.S.S.R. being offered more favourable terms than they could have obtained elsewhere. The head of the West German chamber of commerce and its eastern trade board, Herr Otto von Amerongen, recently warned of a lack of co-ordination among western banks in credit deals with the U.S.S.R. West German-Soviet trade last year rose to more than DM11bn. with a DM2.4bn. excess of West German exports over imports. The Soviet Union is reliably said to owe DM9.5bn. to West German lenders. The next largest eastern European debt being the DM4.8bn. of Poland.

In the past, Comecon countries have financed their trade deficits with West Germany by a little more than 50 per cent. in West German credits, and the rest in Euro-dollar credits and cash payments. Last year, West German banks granted DM1.5bn. in credits to Comecon countries, compared with DM3.4bn. in 1975.

# Australian car sales stay low

By Our Own Correspondent

CANBERRA, April 25.

AUSTRALIAN car imports for March reached their highest point in nine months but registration figures indicate that sales remain in the doldrums, both for imported and locally-produced vehicles.

March imports, at 11,195, were 35 per cent. higher than in February, and with rising unit prices their value was 51 per cent. above the February figures, at $A36.6m. (£23.4m.).

Imports from Japan were up 7 per cent. compared with February to total 8,190. But the most startling rise was in West German imports, apparently, reflecting the spectacular success of the Volkswagen Golf.

After averaging a little more than 300 units a month for the first eight months of the present financial year, German imports took off to an unprecedented 1,572 units in March, valued at $A9m. (£5.8m.).

At this stage, only aggregate figures are available for imports and registrations but according to industry sources the Volkswagen distribution network is gearing up for a major challenge to the Golf from Honda's Accord, which has had an exceptionally enthusiastic reception from motoring writers.

Despite the keen competition in small car sales, however, March registrations of 38,396 appeared to reflect extremely sluggish sales. On a seasonally adjusted basis, the figure came down to 34,194, which was the lowest since last August.

# Survival of German shipyards in doubt

BY ADRIAN DICKS

BONN, April

WEST GERMANY'S Shipbuilding Industry Federation issued a blunt warning to-day that many of the 74,000 jobs at the country's yards will be in danger unless the drastic decline in orders from which they have been suffering is arrested.

In the latest and most pessimistic of a number of recent reports on the industry, the federation says in its annual review that West German yards took in only 14 new orders during the first quarter of 1977, worth DM213m. and representing 35,000 tons. The industry's order books, as a result, has dropped to only 20 per cent. more than work now in hand.

This means that West German yards can expect to work at only 70 per cent. of capacity this year, and possibly at only 25 per cent. of capacity during 1978, the federation said.

It places the blame for the German industry's difficulties squarely on excess of shipyard capacity in the world and on the high cost structure of the try in West Germany its

The federation's remarks that sums of the of those currently bein cannot be found by the sector alone, so that the try will be forced to t creasingly to Goverment

Recent developments share of world orders major shipbuilding nation left West Germany with 3 per cent. of the marke the federation unambig poses the question of wh in the long run, it can s at all unless conditions im

Earlier this year, the F Government announced a crease from 12.5 to 17.5 pe in its assistance to shipo in buying new vessels from German yards, among a ran other measures.

The industry, however made no secret of the fac it hopes to see further assi during the current parliame budget completion procedu

# U.S. markets 'endanger by anti-boycott measur

KUWAIT, April

Official Kuwaiti sources said U.S. companies would lose much of their Arab markets to competitors if they implement proposed U.S. legislation against co-operation with Arab economic boycott of Israel.

Commenting on anti-boycott legislation passed by the U.S. House of Representatives last week, but still to be approved by the Senate, a spokesman for the Kuwait Ministry of Transport which operates the boycott in the Gulf State said Kuwait, like all other Arab countries, banned dealings with comp which do not respect the bo regulations.

The ministry spokesman "This means that American panies would lose much of trade with Arab markets would be replaced by other panies if they implement new American legislation."

Kuwait will not exempt company, from whatever cou from the boycott regulations added.

Reuter

# Australia gambles on import curbs

BY KENNETH RANDALL IN CANBERRA

DESPITE MOUNTING pressure from suppliers in Asia, the Australian Government is pressing steadily ahead with a programme to maintain and raise its protective barriers against imports to preserve its labour-intensive local industries producing footwear, clothing and textiles.

The local producers have been squeezed hard during the present Australian recession and have become increasingly vocal in their demands for an assured share of the domestic market along the lines of that given to the Australian car industry.

Where the car-makers have been given a guaranteed 80 per cent. of the domestic market, textile and clothing manufacturers would settle for 60 per cent., though even this would mean a significant further tightening of import quota arrangements.

The Australian Confederation of Apparel Manufacturers (ACAM) claims that in the past three years, market disruption caused by "excessive" imports has been responsible for 40,000 retrenchments in the primary textile and apparel industries.

Loss of jobs on this scale has a particular political sensitivity because so much of the industries' productive capacity is located in country towns offering no alternative employment.

The Industries Assistance Commission (IAC), the Government's statutory adviser on protection levels, has been looking at footwear, clothing and textiles in the course of one of its periodic reviews of protection on an industry-by-industry basis. In mid-stream, however, the Government has changed the terms of reference of the review in a fashion that leaves little possibility of existing protection being reduced.

IAC policy of pursuing the most efficient resource allocation in the Australian economy has made footwear, clothing and textiles obvious targets for enforced restructuring and some steps in that direction have, in fact, been taken already. But the industries have resisted violently, with the support of most of the trade unions concerned and with added leverage created by record unemployment.

## Details

In changing the terms of reference for the current inquiry on protection levels, the Government says it is very conscious of the importance of the decisions it will have to make "for these highly labour-intensive industries" once the IAC reports to it.

So the Government has decreed that the report will now have to detail the employment effects of any recommendations for reduced protection against imports, especially where country towns are concerned.

Any recommendations for change, it says, will have to be specifically related to the capacity of the economy to absorb change. And, as a clincher, the IAC must "report on the assistance required to maintain the present level of activity and employment in the production of the goods under reference" and, if a lower level of assistance is recommended, the IAC must state "the reasons why it does not recommend the assistance required to maintain the present level of activity and employment."

Despite import protection measures already in force, clothing and footwear imports in the second half of 1976 were worth $A100m. (£64m.) in the second half of 1975. Existing temporary tariff quotas for clothing and textiles have been extended to February 28 next year and the IAC report on long-term protection measures is to be handed to the Government by September 30.

Whether or not the recommendations for long-term protection will be moulded towards "no change" as easily as the Government hopes is still not certain, though the final decision—recommended or not—is one for Cabinet. The chairman of the IAC, Mr. Bill McKinnon, went ahead with a public speech the day after receiving his new directions, saying that the Government should be prepared to accept short-term disruption rather than increase tariff protection.

Mr. McKinnon said that resisting economic change would bring a real and continuing economic cost to the nation. Tariff policies must be aimed at helping industries adjust to long-term change instead of sheltering them from its inescapable effects.

Clearly, however, that is not the current mood of the Government. This month the Minister for Overseas Trade, Mr. Douglas Anthony, leaned very heavily on New Zealand to force an end to that country's traditional open-ended exemption from Australian quota requirements for exports of clothing and textiles.

The Australian industry had become increasingly agitated at New Zealand's success in transforming cheap basic materials from Asia for re-export to Australia, often with tax benefits of up to 150 per cent. for their promotion costs.

New Zealand exports are now effectively frozen at their 1976 level through arrangements negotiated by Mr. Anthony under NAFTA, the New Zealand-Australia Free Trade Agreement. Above that level they face firm quota barriers.

## Protest

Among Asian suppliers to the Australian market, Malaysia has formally protested at growing difficulties of access, the Philippines is retaliating with selective cuts in imports from Australia, and South Korea has raised the issue at Ministerial level.

The ASEAN group (Indonesia, Malaysia, Thailand, the Philippines and Singapore) collectively has a two-to-one trade imbalance with Australia (sales of $A317m. or £203m.) in 1975-76, against growing preoccupation with economic relations with other nations of the region has brought a new note of friction into dealings with Australia, which seems likely to come to a head at the ASEAN summit meeting in Kuala Lumpur in August.

Mr. Malcolm Fraser, the Australian Prime Minister, is expected to be invited to that meeting as an observer and the signals being sent out from the ASEAN capitals already are that unless the trade situation is liberalised, Australia's credibility as a partner in regional affairs will be seriously eroded.

# Export service offered

BY LORNE BARLING

A NEW export service, set up on a non-profit basis to assist the country's smaller companies in selling abroad, has been announced this week.

The service, which will be provided by four experienced businessmen backed by their companies and a £15,000 promotional grant from Overseas Containers (Europe) Limited, is free of charge.

Companies are invited, through a series of advertisements now appearing in the national and provincial Press, to seek help from the Independent Export Advisory Group. Its "sphere of influence" covers Australasia.

The four members of the group are Mr. Eric Hetherington, manager of an international branch of the Midland Bank, Mr. Eric Proffit, sales director of OCEL, Mr. Harry Wilde, a director of Brandford International and Mr. John Hewitt, a director of Bussey-Hewitt.

"We feel that many small companies which are potential exporters have been discouraged by various problems. We have wide experience and h to help them overcome any necessary fears," the group s "There are no strings attac and we only hope it won't like trying to give away po notes on the street corner."

Other export bodies such the British Overseas T Board and chambers of merce have been notified of group's intentions.

## Booker contract

Booker Agriculture International, the agricultural manag ment and technical services sidiary of Booker McConnell, conjunction with a firm Iranian consultants, Rak Consulting Engineers, has bee awarded a contract by t Iranian Ministry of Agricultur and Natural Resources for t planning and implementation agricultural development in t Mazandaran Pole area, whi covers approximately 290,0 hectares to the south of t Caspian Sea.

## HOME NEWS

# Second Concorde noise report more favourable

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE LONG-AWAITED report by the Civil Aviation Authority on the noise made by Concorde during its first year of scheduled passenger operations is considerably more favourable to the aircraft than last week's report from the Government's Noise Advisory Council, which covered only six months of flights.

The authority's report, published yesterday by the Department of Trade, says that the environmental impact of Concorde's 164 departures and 163 arrivals in the year from January 21 last year "has been very small indeed."

"We estimate that they have added between half and one to the Noise and Number Index for roughly 18,000 residents, most of whom live between the 35 and 40 NNI contours and that no one has suffered an increase of more than 1 NNI."

The NNI is a unit of measurement for noise disturbance, relating the volume of noise to the numbers of residents in specific areas around the airport, those areas closest to the airport having the highest NNI.

The report says that, while Concorde had shown itself to be a noisy aircraft, its departures and arrivals had been spread over four different routes, "so that residents around Heathrow who have actually heard Concorde will have found it a very infrequent experience."

When considering how noisy Concorde was, "one must take account of the fact that successive flights of the same type of aircraft show a wide scatter in noisiness and one must also be clear what stage of the flight is being referred to.

## Subsonic noise

"Concorde, like most aircraft, is noisier on take-off than on landing. Concorde is at its noisiest on departure between the aircraft boundary fence and the official noise monitoring sites, and it has been substantially noisier than subsonic aircraft here.

"At the fixed monitoring sites, one departure in three has recorded the loudest noise of the day from any of the three runways used by Concorde. However, these levels have been no higher than the loudest subsonic departure.

"Moreover, approximately one Concorde departure in three has met the statutory requirement for subsonic aircraft of 110 perceived noise decibels or less."

Trends were not easily discerned through the changing situation of Concorde's first year, but the aircraft had seemed to become a little quieter.

Detailed figures for the noise of each Concorde departure show that noise on take-off varied widely from a worst level of a 138 PNdB recorded at a temporary monitoring site five kilometres from start of take-off roll, to a best of 121 PNdB at the same point.

For those same take-offs, however, noise recorded at the permanent monitoring point used for all regular departures from Heathrow, showed a worst of only 111 PNdB and a best of 110 PNdB.

Concorde's problem in recent months is that the worst levels from the temporary measuring points have been used as ammunition against it, with the figures from the permanent sites unpublished or ignored.

*Noise Data from the First Year of Scheduled Concorde Operations at Heathrow Airport, London Civil Aviation Authority Paper 77007, SO, £5.*

# Councils plan talks with Ministers on borrowing code

FINANCIAL TIMES REPORTER

THE LOCAL AUTHORITY associations are to have talks with a Treasury Minister within the next week or ten days on proposals for a new voluntary code of practice for local councils' long-term borrowings.

A meeting of officials from the two sides was held yesterday at which a draft code prepared by a group of local authority officials was discussed.

The code of practice has been drawn up to meet the Government's desire to reverse promptly the trend among local councils to borrow for shorter periods to finance their capital spending.

Preparation of the code began after the local authorities had declared unacceptable two successive proposals by the Treasury to extend by statutory regulation the average period of new local authority loans.

The immediate hurdle is for the code to secure the support of all the local authority associations. Some local council leaders have expressed concern at the prospect of paying heavier interest charges if their debt profiles are lengthened.

If the code were approved, they would be required to arrange long-term loans to secure an average initial maturity of four years for new borrowings this year, rising in stages to an average maturity of seven years for new loans taken out from 1980-81. By then much of their existing debt would have had to be re-financed.

Opposition to the code comes mainly from leaders of the non-metropolitan or "shire" county and district councils.

Other local leaders feel that a voluntary code would be preferable to government controls. They also say that, in the absence of local authority action, the Government would probably be compelled to act.

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# Oil industry 'may find 14 more fields in North Sea'

BY RAY DAFTER, ENERGY CORRESPONDENT

THE OFFSHORE oil industry has a good chance of finding another 14 fields in the U.K. sector of the North Sea, according to new estimates of Britain's oil reserves.

It is possible that companies will find as many as 22 new fields, although virtually all of them will be small in comparison with some of the present commercial discoveries like Brent, Forties and Ninian.

The report, on North Sea oil and the British economy, estimates that only one of the undiscovered fields will contain 600m. barrels or more of recoverable reserves.

These estimates relate only to the North Sea area south of the 62nd parallel; the oil industry is hopeful that with new exploration and production techniques the most northerly waters inside U.K. limits will prove fruitful.

Prof. Colin Robinson and Dr. Jon Morgan, of Surrey University, authors of the report, say that using the lower estimate of possible new finds, oil supplies could increase to about 150m. tons a year by the late 1980s.

On the basis of present consumption this will provide the U.K. with at least 50m. tons a year of oil for export.

The report comes on the eve of new North Sea oil and gas statistics to be published by the Department of Energy to-day.

These figures, to be published in the Department's Brown Book, are likely to show that the U.K. is well on the way to becoming self-sufficient in oil in 1980 or even 1979.

Prof. Robinson and Dr. Morgan estimate that the 15 oil fields so far declared commercial contain 8.9bn. barrels of recoverable reserves. This figure compares with an estimate of 7.8bn. barrels drawn from last year's edition of the Brown Book.

The total oil exploration programme to date had confirmed up to 15bn barrels of recoverable reserves in 34 firm and probable developments. About 200 geological structures had been drilled and, since last year between 120 and 150 prospective structures remained to be tested.

Fifteen significant oil discoveries were recorded last year but it would be optimistic to expect more than six or seven of these to be developed.

One of them, the Mesa group's find on block 11/30, seemed certain to be developed although some of the others might be linked to existing commercial finds.

The report takes a pessimistic view of the recoverable reserves in the Pan Ocean Group's Brae Field, once thought to be one of the biggest discoveries in the North Sea.

Reserves are put at 300m. to 500m. barrels which, on present financial criteria, would make the field only a marginally commercial prospect.

Looking at the balance of payments implications of North Sea development, the authors estimate that the potential gain on the current and long-term capital accounts would be about £3bn.-£5bn. in 1980, equivalent to 2-3 per cent. on the GNP.

In 1985 the benefit could be £4.5bn.-£9bn. (2-4 per cent. of GNP).

*North Sea Oil and the British Economy, 1977-85; Staniland Hall, 42, Colebrooke Row, London N1 8AF; £45.*

# Food industry profits show some recovery

THE level of profitability in the food industry has recovered since 1975 but is running only at about two-thirds of that in 1973, according to a study published yesterday at the conference.

In the same period, profit of food retailers fell by about one-third, Elinor Goodman writes.

The figures were derived from a model of leading food manufacturers and retailers prepared by the institute. They show that in 1972-73 food manufacturers were making average pre-tax profit of 6 per cent. By 1974-75 this had fallen to 2.7 per cent. on sales, with a low of 2 per cent. reached in the first quarter of 1975.

The picture improved during 1975 and last year and the model now shows an average rate of profit of just about 4 per cent. This is expected to go up to 4.3 per cent. in 1976-77.

For food retailers, the low point in profit was reached in 1975-76. Between 1972 and 1973 and last year the rate of profit fell from 3.5 per cent. to 1.7 per cent. Since then, the figure is estimated to have risen to just about 2 per cent.

The institute stressed yesterday that all these figures were calculated on an historic cost basis and, if allowance had been made for inflation, the position would have been far less favourable.

Lord Trenchard, the Institute's president, forecast that food price inflation would run at about 15 per cent. throughout this year and next.

# Tesco may drop trading stamps

BY ELINOR GOODMAN IN BRIGHTON

EXPECTATIONS that Tesco may be about to drop Green Shield trading stamps from some of its supermarkets have been heightened. Reports circulating at the conference of the Institute of Grocery Distribution in Brighton say that the company has asked managers of larger stores not to take holidays in early June.

Tesco confirmed that it had decided three months ago to ask managers not to take leave then. According to the company this was because it believed Silver Jubilee celebrations would give a big lift to trade and that, just as it did not want its managers away from the stores at Easter, it did not want any off over the Jubilee.

It had nothing to do with the re-negotiation of the five-year contract with Green Shield, which is due to expire in June.

Even so, the odds seem slightly against Tesco's renewing its present contract with Green Shield, under which it has to give stamps in all the stores trading under the Tesco name. Tesco is Green Shield's biggest single customer.

Another meeting between the two companies is to be held shortly and it may be that Green Shield will drop its price rather than lose some of the Tesco stores.

The question for Green Shield must be whether other grocery customers, such as International Stores, would pick up any of the franchises dropped by Tesco.

## Highly charged electricity

ELECTRICITY charges in Alderney are to be increased on Monday by 15 per cent. to 5.15p a unit, taking it to a new record level. The cost of electricity in Jersey is only 2.7p a unit.

Explaining the need for the increase, the Alderney Electricity Co. stated that since last September fuel oil had increased by 22 per cent., wages by 20 per cent., and other supplies by 18 per cent.

# Discount scheme for Ladbrokes' investors

By Keith Lewis

HOLDERS OF 200 shares or more in Ladbrokes, the gambling and leisure group, are now entitled to discounts on a wide range of the group services.

A holding worth about £228 at current market prices will qualify the investor to a 10 per cent. discount at the company's four star hotels in Leeds, Bristol, Middlesbrough, the Ladbroke Belgravia Hotel in London and the Ritz in Paris.

Early and late summer holidays at Ladbroke's self-catering, self-drive and cruising and sailing holidays in the U.K. attract a 15 per cent. discount.

For those with a taste for horse or dog racing, the 200 shares qualify the holder for a 50 per cent. reduction in single or double Lingfield Park membership rates.

Other perks include free annual membership of Cesars Palace in Luton and one or more of the Ladbroke casinos in London or those in Luton, Leicester, Leeds, Manchester, Middlesbrough and Liverpool.

Ladbrokes therefore joins the ranks of those companies which, in the face of dividend restraint in the U.K., have decided to offer discounts to its shareholders by way of compensation. Included are such companies as European Ferries and Sketchley, the dry cleaners.

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# Tories may reject Preston docks plea

BY ROY ROGERS

LEADERS OF the Conservative-controlled Preston Borough Council look set to carry out their threat to close the Lancashire town's docks even though the National Ports Council recommends that they should remain open.

The ports council, which had been asked by the Preston council to assess the implications for ratepayers of closing the docks, yesterday delivered its 43-page report. The main finding was that keeping the port open "offers a more attractive prospect for ratepayers than closure."

The report said that the cost of closing the docks would be £2.3m. which, after allowing for possible rent and rates if the dock area was let out, might reduce to about £1.05m.

On the other hand the cost of keeping the docks operating, on the lowest traffic forecasts, would be in the region of £1.29m. over a 10-year period. But the ports council anticipates higher traffic levels and suggests that this, together with significantly higher charges, would virtually eliminate the cost and could make the operation viable.

Last night Councillor Joe Hood, leader of the Tory group, indicated that the borough council would be prepared to keep the port open only if the Government offered to cover any resulting losses.

"We have a responsibility to the electorate to decrease the rates burden," he said. The council still saw closure as the best answer.

# Transport policy 'in ruins'

BY IAN HARGREAVES, TRANSPORT CORRESPONDENT

MR. WILLIAM RODGERS, the Transport Secretary, was told last night that nothing his forthcoming White Paper could do would alter the fact that transport policy lay in ruins as a result of the Budget's increased taxation on goods vehicles.

Mr. Rodgers, as principal guest at the Freight Transport Association's annual dinner in London, heard Mr. Ian Phillips, the association's president, say that the Chancellor of the Exchequer had added £158m. a year to the industry's costs and destroyed any semblance of equal treatment for road and rail.

As such equity was supposedly the key to the Government's approach on transport, its policy must now be judged to be totally destroyed.

Goods vehicles were now paying £926m. a year in tax against total track costs of £520m. This was unjust and suggested that the Treasury had lost the ability to judge the temper of the public and the needs of the times.

# Extradition ruling 'wrong'

THE Singapore Government was bewildered by the speed at which its extradition proceedings against Mr. Jim Slater, the financier, were dealt with at London's Bow Street court, a QC said yesterday in the High Court.

It was a lamentable fact that Mr. Kenneth Barraclough, chief Metropolitan magistrate, had erred in law in refusing to order Mr. Slater's extradition, claimed Mr. Ronald Waterhouse.

The hearing was conducted at a fast pace and the magistrate's short, abrupt judgment disclosed that he had been confused in his duties.

Lord Justice Shaw, one of the judges hearing Mr. Waterhouse's appeal submissions on behalf of the Singapore Government, said that he would be surprised if the magistrate had not been aware of the basis of the charges against Mr. Slater, former head of Slater Walker Securities.

Mr. Waterhouse claimed that in deciding whether or not to order Mr. Slater's extradition Mr. Barraclough had applied Singapore law instead of English law.

## Re-hear plea

The Singapore Government is asking the Queen's Bench Divisional court for leave to apply for an order quashing Mr. Barraclough's refusal, on January 26, to order Mr. Slater's extradition under the 1967 Fugitive Offenders' Act on charges arising out of the affairs of Haw Par Brothers International.

The Government also seeks leave to apply for an order requiring Mr. Barraclough to re-hear the extradition application. Two of the charges against Mr. Slater allege conspiracy to commit a criminal breach of trust and two allege conspiracy to cheat.

The High Court move is opposed by Mr. Slater, who claims that the court has no jurisdiction to interfere in a case where a magistrate has refused to make an extradition order.

Before Mr. Waterhouse began his submissions, Lord Justice Shaw, sitting with Mr. Justice Nield and Mr. Justice Stocker, said that if the court decided it had jurisdiction the case against Mr. Slater would be adjourned to allow full legal argument.

In the meantime, it would hear an application by Mr. Richard Tarling, former chairman of Haw Par, for a writ of habeas corpus discharging an extradition order made against him on 15 charges.

DESIGN COUNCIL AWARDS

# Recognition for 17 companies

FINANCIAL TIMES REPORTER

SEVENTEEN BRITISH manufacturing companies, producing a range of products from lightweight scaffolding to sophisticated computers, are included in the 1977 Design Council awards, announced to-day.

The awards are made annually to concerns operating in the automotive, engineering and engineering components sectors. The final choice was made from more than 100 submissions.

Products with safety in mind feature prominently in the Design Council British motor vehicle industry awards, and collect four of the five awards.

They include a road surfacing material produced by Dunlop's Erdington works near Birmingham and a mechanical system of covering loads on open-topped lorries produced by George Neville Truck Equipment of Kirkby-in-Ashfield.

This year judges in the automotive section—headed by Mr. Raymond Baxter, the broadcaster—were also asked to consider prototype designs, and the judges have commended Mr. Toby Churchill, a disabled driver, for his work on improving control systems on vehicles for the disabled.

Seven companies producing items from mobile cranes to safes, designed and manufactured by Chubb, have won design awards for engineering products.

Lancer Boss of Leighton Buzzard becomes the first lift-truck company to win three Design Council awards in this section.

In the engineering components division the Design Council chose only five products for awards, out of 40 submissions. Products included this time are a hydraulic pump from Dowty and lightweight scaffolding fittings manufactured by Press Components of Walsall.

Award-winning products will be on show at an exhibition at the Design Centre, London, from May 30 to June 26 and at the Scottish Design Centre, Glasgow, from August 1 to September 10.

Manufacturers and designers will be presented with certificates by the Duke of Edinburgh on Friday, May 27, at the Eden Court Theatre, Inverness.

DESIGN COUNCIL AWARDS 1977

Automotive: Automotive Products, Leamington Spa, diaphragm spring "turnover" clutch;
Dunlop, Erdington, Delugrip road surfacing material;
Jolada Transport, Liverpool, low lift mechanical roller conveyor;
George Neville, Kirkby-in-Ashfield, mechanised lorry cover system;
Rubery Owen, Wednesbury, wheel insert, prevents tyre coming off.

Engineering components: Dowty Hydraulics, Cheltenham, hydraulic pumps;
Hymac, Gwent, concrete nibbler;
Marine Engineering, Stockport, air-operated liner drive transporter;
Metropolitan Tool, Beeston, torque regulated power cable reel;
Press Components, Walsall, lightweight scaffolding fittings.

Engineering: Chessell, Worthing, multi-pen industrial indicator-recorder;
Chubb, safe design and use of material;
Cosmos Crane, Alfreton, mobile crane;
EMI-MEC, East Grinstead, low-cost automatic lathe;
International Computers, Putney, "growth" computer;
Lancer Boss, Leighton Buzzard, lift truck;
Parkin-Elmer, Beaconsfield, recording infra-red spectrophotometer.

# Routine monitoring check led to North Sea blow-out

BY RAY DAFTER, ENERGY CORRESPONDENT

THE UNSUCCESSFUL attempt to retrieve monitoring equipment which became stuck in well 14 of Ekofisk's Bravo production system led to Friday's blow-out in the North Sea. What started as routine logging and maintenance operation has become a fight to control the rogue well.

Last night, oil was still gushing at the rate of 3,000 to 4,000 tons a day—roughly the amount carried in 150 to 200 large road tankers—as oil industry trouble shooters waited for a lull in the weather to begin the capping operation.

The accident—the first major oil blow-out in the North Sea—is the indirect result of well tests made at the end of last year. Logging equipment which was being used to record the flow of oil at various points at the bottom of the well became detached from its lowering wire—not an unusual experience for the offshore oil industry.

It was later found that the equipment was restricting the flow through the well, so Phillips, operator of the Ekofisk project, decided to close the hole and retrieve the logging tool.

As the first stage of this task, chemical mud was used to fill the well and hold back the flow of oil. This was apparently successful, for the platform team went on with the next stage of fitting blow-out preventers. During this operation, late on Friday, the well began to blow—slowly at first. The mud failed to hold back the oil and the reason is being investigated.

The maintenance team tried to screw two tubes into the riser installation in order to seal the unexpected leak. These large tubes—in essence emergency valves—are always available for such an accident. This time some obstruction was found, and the valves could not be fitted. The reason, again, is being investigated by Phillips.

The problem facing the Texan recovery expert "Boots" Hansen and his small team waiting to board the platform yesterday was to bring the gusher under control before refilling the well with mud.

To prevent sparks, which could have caused a serious fire, the men will be working with brass hammers and wrenches; compressed air rather than electricity will be used to power other tools.

The equipment has been specially designed for work in such conditions. A senior drilling executive said yesterday: "We don't keep this sort of thing because we don't normally face these risks."

After clearing the platform around the top of the well the team will fix a blow-out preventer. The well will then be closed by use of blind rams. Once the flow of oil has been stopped the men will fit a control adaptor on top of the blow-out preventer.

The control adaptor valve will then be closed and the blind ram opened. This procedure will allow mud, pumped from the nearby Choctaw semi-submersible barge, to be injected into the well.

Even if this task is accomplished successfully it could be several weeks, quite possibly months, before repairs have been made and all of the 15 producing wells are back in operation. Bravo is the main producer of the Ekofisk complex, capable of yielding 150,000 barrels a day.

Phillips is confident that the capping will be completed successfully. The work is expected to take about 48 hours although it is weather-sensitive, as shown by yesterday's costly delay.

In case the operation is a failure, however, Phillips has prepared a contingency plan to reduce pressure by drilling a relief well.

A semi-submersible rig was yesterday moving into position, about 2,300 feet south-west of the Bravo platform, where the directionally drilled B14 well enters the Ekofisk field. This operation could take more than a month and Phillips, fishing industry and government authorities would be concerned that throughout that time oil would still be spilling into the North Sea.

The blow-out and oil spill has focused public and political attention on the risks of extracting oil in some of the world's most hostile conditions.

The Statfjord oil group said yesterday that it had decided to postpone the public naming of the Statfjord A production platform, scheduled to take place in Norway on Friday. "This is not an appropriate time for celebrations," said a spokesman for Statoil, the Norwegian oil corporation.

Whether the Ekofisk well is quickly brought under control or whether the accident results in a prolonged, and more serious pollution problem largely depends on the expertise of the Red Adair Oilwell Fire and Blow-out Company hired by Phillips.

Calling for Red Adair is almost automatic in the oil industry when a well goes badly wrong. His knowledge of the way blow-outs and oil fires should be tackled has made him a millionaire, although the director of one U.S. oil company, who has reason to know, said that the Texan was much more reasonable about his fees than some journalists are apt to suggest. According to week-end reports his exploits have earned him a minimum of $250,000 (£147,000) a year in fees.

The fee to be charged for the Ekofisk contract is unknown: it will not be settled until the problem has been overcome. As the oil director commented: "You don't ask for a price when you ring up Red Adair."

### Criticisms

Recent criticism by Mr. Adair about the state of preparedness of North Sea oil operators and their ability to tackle with accidents, has not gone down well with companies in the U.K. Offshore Operators Association.

The body, which represents operators of British oilfields, points to the reserve fleet of fire-fighting vessels and "clean-up" units that are normally on stand-by and which are helping in the Ekofisk operation.

In February, 1969, Mr. Adair was called in to control a North Sea blow-out on the Hewett gas field in which Phillips has a major stake. The year before he had been called to deal with another gas seepage on the same field—it was known as "Whistling Kettle."

## Strong to gale wind forecast

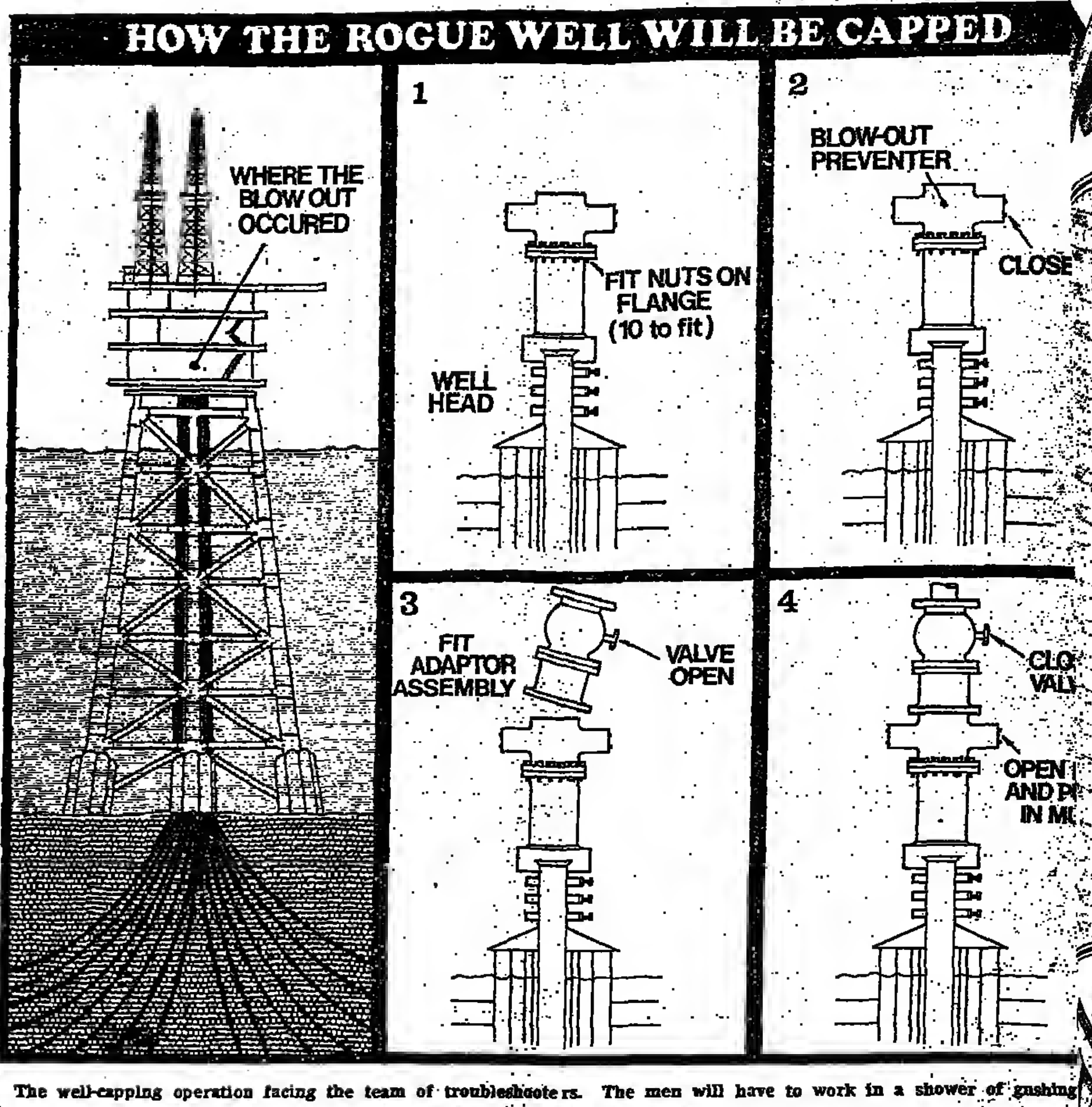
**The forecast for a 100-mile area around Ekofisk, issued last night, said:**

**Wind:** southerly, strong to gale, soon veering south-west and then decreasing to fresh to-morrow morning.

**Weather:** rain at first, soon turning to showers. A further period of more general rain to-morrow afternoon.

**Visibility:** moderate at first and late in period, otherwise mainly good.

## HOW THE ROGUE WELL WILL BE CAPPED




The well-capping operation facing the team of troubleshooters. The men will have to work in a shower of gushing oil and fire prevention water spray.

# Oil groups oppose platform plan

BY OUR OWN CORRESPONDENT

OIL COMPANIES, which are to be invited to discuss the implication of the Ekofisk accident with the Department of Energy, may be asked to build separate accommodation platforms on the larger offshore fields.

Mr. Anthony Wedgwood Benn, Energy Secretary, told the Commons yesterday that the question of accommodation units, standing aside from production platforms, would have to be considered.

The same idea has been suggested by the Norwegian Government for the Statfjord Field—the biggest in the North Sea. In general oil companies are opposed to the idea as they see no justification for incurring heavy additional costs for field development.

But the statement by Mr. Wedgwood Benn shows that there is likely to be a widespread reappraisal of safety precautions and development techniques. The U.K. Offshore Operators' Association, which represents the operators of British oil fields, has been asked to a special meeting with the Energy Secretary.

Mr. Wedgwood Benn said that the blow-out had not taken the Government by surprise. "There are hazards that cannot be anticipated."

However, the oil industry will be relieved that Mr. Wedgwood Benn has not been provoked by the heat of the Ekofisk affair into a general condemnation of oil industry practices. As he pointed out, oil companies are compelled to keep the Government informed of all exploration and development plans.

The response to such incidents, he said, "rests entirely with the oil companies, who are entirely practical men, with practical experience."

He added: "Although there will obviously be lessons to learn from this, and I am not giving the House the impression that I am entirely satisfied, nothing so far has revealed any obvious weaknesses."

But there is mounting pressure, in the U.K. and Norway, for a review of safety, inspection and maintenance aspects. Mr. Tom King, Shadow Energy spokesman, pointed out that a Government report published last year had predicted a 50-50 chance of a North Sea blow-out in the next five years. There was a need for a closer look at security procedures.

# World Value of the Pound

The table below gives the latest available rates of exchange for the pound against various currencies on April 25, 1977. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Exchange in the U.K. and most of the countries listed is officially controlled and the rates shown should not be taken as being applicable to any particular transaction without reference to an authorised dealer.

Abbreviations: (S) member of the sterling area other than Scheduled Territory; (k) Scheduled Territory; (o) official rate; (F) free rate; (T) tourist rate; (n.c.) non-commercial rate; (n.a.) not available; (A) approximate rate; no direct quotation available; (sg) selling rate; (bg) buying rate; (nom.) nominal; (ex/C) exchange certificate rate; (P) based on U.S. dollar parities and going sterling dollar rate; (Bk) bankers' rate; (Bas) basic rate; (cm) commercial rate; (cn) convertible rate; (fn) financial rate.

Sharp fluctuations have been seen lately in the foreign exchange market. Rates in the table below are not in all cases closing rates on the dates shown.

| Place and Local Unit | | Value of £ Sterling |
|---|---|---|
| Afars & Issas | Djibouti Franc | 280(sg) |
| Afghanistan | Afghani | 80 (A) |
| Albania | Lek | (O)18.10(A)(nal) |
| Algeria | Dinar | 7.17 |
| Andorra | French Franc | 8.53 |
| | Spanish peseta | 118.17½ |
| Angola | Kwanza | n.a. |
| Antigua (S) | E. Caribbean | 4.6420 |
| Argentina | Ar. Peso Free Rate | 539.87 |
| Australia (S) | Australian $ | 1.5583½ |
| Austria | Schilling | 28.85 |
| Azores | Portug. Escudo | 66.52½ |
| Bahamas (S) | Ba. Dollar | 1.71925 |
| Bangladesh (S) | Taka | 26.50(sg) |
| Bahrain (S) | Dina | 0.674 |
| Balearic Is. | Spa. Peseta | 118.17½ |
| Barbados (S) | Barbados $ | 3.4385 |
| Belgium | B. Franc | (cm) 62.20 |
| | | (fn) 62.45 |
| Belize | B $ | 3.4385 |
| Benin | C.F.A. Franc | 426½ |
| Bermuda (S) | Bda. $ | 1.71925 |
| Bhutan | Indian Rupee | 15.150(sg) |
| Bolivia | Bolivian Peso | 34.385 |
| Botswana (S) | Pula | 1.49349 |
| Brazil | Cruzeiro | 22.91 |
| Br. Virgin Is. (S) | U.S. $ | 1.71925 |
| Brunei (S) | Brunei $ | 4.2340 |
| Bulgaria | Lev | 1.6549 |
| Burma | Kyat | 11.40 |
| Burundi | Burundi Franc | 154.721 |
| Cameroon Rp | C.F.A. Franc | 426½ |
| Canada | Canadian $ | 1.8030 |
| Canary Is. | Spanish Peseta | 118.17½ |
| Cape Verde I. | Cape V. Escudo | 66.52½ |
| Cayman Is. (S) | Cay. I. $ | 1.4327 |
| Cent. Af. Rp. | C.F.A. Franc | 426½ |
| Chad | C.F.A. Franc | 426½ |
| Chile | C. Peso | (Bk) 32.25 |
| China | Renminbi Yuan | 3.2285 |
| Colombia | C. Peso | (F) 62.86 |
| Comoros I'ds. | C.F.A. Franc | 426½ |
| Congo (B'ille) | C.F.A. Franc | 426½ |
| Costa Rica | Colon | 14.7655 |
| Cuba | Cuban Peso | 1.42454 |
| Cyprus (S) | Cyprus £ | 0.7092 |
| Czechoslovak | Koruna | (com) 9.70 |
| | | (n.c.) 16.70 |
| | | (T) 16.36 |
| Denmark | Danish Krone | 10.27 |
| Dominica (S) | E. Caribbean $ | 4.6420 |
| Domin. Rep. | Dominican Peso | 1.71925 |
| Ecuador | Sucre | (O) 42.75 |
| | | (F) 43.21 |
| Egypt | Egyptian £ | 0.6642 |
| | | (T) 1.21 |
| Ethiopia | Ethiopian Birr | (P) 3.56252 |
| Eq'l Guinea | Peseta | 118.17½ |
| Falkland Is. (S) | Falkland Is. £ | 1.0 |
| Faroe Is. | Danish Krone | 10.27 |
| Fiji Is. (S) | Fiji $ | 1.5534½ |
| Finland | Markka | 6.95 |
| France | French Franc | 8.53 |
| Fr. C'tyin Af ♦ | C.F.A. Franc | 426½ |
| Fr. Guiana | Local Franc | 8.53 |
| Fr. Pac. Is. | C.F.P. Franc | 155.08 |
| Gabon | C.F.A. Franc | 426½ |
| Gambia (S) | Dalasi | 4 |
| Germany (East) | Ostmark | 4.07½ |

| Place and Local Unit | | Value of £ Sterling |
|---|---|---|
| Germany West | Deutschemark | 4.07½ |
| Ghana (S) | Cedi | 1.98 |
| Gibraltar (S) | Gibraltar £ | 1.00 |
| Gilbert Is. | Aust. Dollar | 1.5565½ |
| Greece | Drachma | 63.768 |
| Greenland | Danish Kroner | 10.27 |
| Grenada (S) | E. Caribbean $ | 4.6420 |
| Guadaloupe | Local Franc | 8.53 |
| Guam | U.S. $ | 1.71925 |
| Guatemala | Quetzal | 1.71925 |
| Guinea Rep. | Syli | 37.9782 |
| Guinea Bissau | | 66.67 |
| Guyana (S) | Guyanese $ | 4.3841 |
| Haiti | Gourde | 8.59625 |
| Honduras Rep | Lempira | 3.44 |
| Hong Kong (S) | H.K. $ | 7.98¼ |
| Hungary | Forint | (com) 70.06 |
| | | (nc)(T) 35.44 |
| Iceland (S) | I. Krona | 330.36 |
| India (S) | Ind. Rupee | 15.150(sg) |
| Indonesia | Rupiah | 713.498 |
| Iran | Rial | (A) 120 |
| Iraq | Iraq Dinar | 0.5068 |
| Irish Rep. | Irish £ | 1.00 |
| Israel | Israel £ | 15.8422 |
| Italy | Lira | 1,524 |
| Ivory Coast | C.F.A. Franc | 426½ |
| Jamaica (S) | Jamaica Dollar | 1.56285 |
| Japan | Yen | 478 |
| Jordan (S) | Jordan Dinar | 0.565(sg) |
| Kampuchea | Riel | 2068.18 |
| Kenya (S) | Kenya Shilling | 14.31 |
| Korea (Nth) | Won | n.a.(g) |
| Korea (Sth) | Won | 831.80 |
| Kuwait (S) | Kuwait Dinar | 0.493 |
| Laos | Kip Pot Pol | 346.85 |
| Lebanon | Lebanese £ | 5.2765 |
| Lesotho | S. African Rand | 1.49543 |
| Liberia | Liberian $ | 1.71925 |
| Libya | Libyan Dinar | (P) 0.50897 |
| Liechtenstein | Swiss Franc | 4.34½ |
| Luxembourg | Lux Franc | 62.40 |
| Macao | Pataca | 8.58851 |
| Madeira | Portug'se Escudo | 66.52½ |
| Malagasy Rp. | MG Franc | 426½ |
| Malawi (S) | Kwacha | 1.5670 |
| Malaysia (S) | Ringgit | 4.6571½ |
| Maldive Is. (S) | Mal Rupee | 12.5018 |
| Mali Rp. | Mali Franc | 853 |
| Malta (S) | Maltese £ | 0.7642½ |
| Martinique | Local Franc | 8.53 |
| Mauritania ❖ | Ouguiya | 80.2801 |
| Mauritius (S) | M. Rupee | 11.425 |
| Mexico | Mexican Peso | 38.78 |
| Miquelon | C.F.A. Franc | 426½ |
| Monaco | French Franc | 8.53 |
| Mongolia | Tugrik | (O) n.a.(g) |
| Montserrat | E. Caribbean | 4.6420 |
| Morocco | Dirham | 7.55(sg) |
| Mozambique | Moz. Escudo | 56.9985 |
| Nauru Is. | Aust. Dollar | 1.5565½ |
| Nepal | Nepalese Rupee | 21.583 |
| Netherlands | Guilder | 4.22½ |
| Neth. Ant'les | Antillian Guild | 3.0774 |
| New Hebrides | Franc | 137.8588 |
| | Aust. Dollar | 1.5565½ |
| N. Zealand (S) | N.Z. Dollar | 1.7675½ |
| Nicaragua | Cordoba | 12.07 |
| Niger Rp. | C.F.A. Franc | 426½ |
| Nigeria (S) | Naira | 1.12706(sg) |
| Norway | Nrwg. Krone | 9.08¼ |
| Oman Sultanate of (S) | Rial Omani | 0.593 |
| Pakistan | Pkst. Rupee | 16.75(sg) |
| Panama | Balboa | 1.71925 |
| Papua N.G. (S) | Kina | 1.3731 |

| Place and Local Unit | | Value of £ Sterling |
|---|---|---|
| Paraguay | Guarani | 214.58 |
| P'ple's D. Rp. of Yemen (S) | S. Yemen Dinar | (A) 0.59165 |
| Peru | Sol | exc A 130.21 |
| Philippines | Ph. Peso | 12.7643 |
| Pitcairn Is. (S) | £ sterling | — |
| | New Zealand $ | 1.7675½ |
| Poland | Zloty | (Cm) 34.37 |
| | | (T) 59 |
| Portugal | Pgse Escudo | 66.52½ |
| Port Timor | Timor Escudo | n.a. |
| Principe Isle. | | n.a. |
| Puerto Rico | U.S. $ | 1.71925 |
| Qatar (S) | Qatar Ryal | 6.78 |
| Reunion, Ile de la | French Franc | 8.53 |
| Rhodesia | Rhodesian $ | 1.0608 |
| Romania | Leu | (cm) 8.43 |
| | | (nc)(T) 20.59 |
| Rwanda | Rwanda Franc | 158.63 |
| St. Christopher (S) | E. Caribbean $ | 4.6420 |
| St. Helena | St. Helena £ | 1.0 |
| St. Lucia (S) | E. Caribbean $ | 4.6420 |
| St. Pierre | C.F.A. Franc | 426½ |
| St. Vincent (S) | E. Caribbean $ | 4.6420 |
| Salvador El | Colon | 4.30 |
| Samoa (Am.) | U.S. $ | 1.71925 |
| San Marino | Italian Lira | 1,524 |
| Sao Tome | Pgse. Escudo | 66.52½ |
| Saudi Arabia | Ryal | 6.01 |
| Senegal | C.F.A. Franc | 426½ |
| Seychelles | S. Rupee | 13.35 |
| Sierra Leone (S) | Leone | 2.0 |
| Singapore (S) | Singapore $ | 4.2340 |
| Solomon Is. (S) | Australian $ | 1.5565½ |
| Somali Rep. | Som Shilling | (A) 10.8227 |
| Sth. Africa (S) | Rand | 1.49543 |
| S.W. Africa Territories (S) | S. A. Rand | 1.49543 |
| Spain | Peseta | (h) 118.17½ |
| Span. Ports in North Africa | Peseta | 118.17½ |
| Sri Lanka (S) | S. L. Rupee | 12.48 (sg)♦♦ |
| Sudan Rp. | Sudan £ | (A) 0.598(sg) |
| Surinam | S. Guilder | 3.0775 |
| Swaziland (S) | Lilangeni | 1.49349 |
| Sweden | S. Krona | 7.47¾ |
| Switzerland | Swiss Franc | 4.33½ |
| Syria | Syria £ | (A) 6.7481 |
| Taiwan | New Taiwan $ | (F) 65.3515 |
| Tanzania (S) | Tan. Shilling | 14.319 |
| Thailand | Baht | 34.97 |
| Togo Rp. | C.F.A. Franc | 426½ |
| Tonga Is. (S) | Pa'anga | 1.5566 |
| Trinidad (S) | Trin. & Tobago | 4.1262 |
| Tunisia | Tunisian Dinar | 0.735(sg) |
| Turkey | Turkish Lira | 30.01(sg) |
| Turks & C'os. | U.S. $ | 1.71925 |
| Tuvalu | Australian $ | 1.5565½ |
| Uganda (S) | Ug. Shilling | 14.31 |
| Utd. States | U.S. Dollar | 1.71925 |
| Uruguay | Uruguay Peso | (cm) 7.47 |
| | | (fn) 7.45 |
| Utd. A'b Emts | U.A.E. Dirham | 6.644 |
| U.S.S.R. | Rouble | 1.27 |
| Upper Volta | C.F.A. Franc | 426½ |
| Vatican | Italian Lira | 1,524 |
| Venezuela | Bolivar | 7.38(x) |
| Vietnam (Nth) | Dong | (O) 0.49618 |
| | | (T) n.a. (g) |
| Vietnam (Sth) | Piastre | 3.18061 |
| Virgin Is. U.S. | U.S. Dollar | 1.71925 |
| Western Samoa (S) | Samoan Tala | 1.07593 |
| Yemen | Ryal | 7.44(sg) |
| Yugoslavia | New Y Dinar | 31.4248 |
| Zaire Rp. | Zaire | 1.491854 |
| Zambia | Kwacha | 1.37 |

♦ That part of the French community in Africa formerly part of French West Africa or French Equatorial Africa.
♦♦ Rupees per pound. Tourists visiting Sri Lanka receive a premium of 65 cents per cent.
❖ The Ouguiya has replaced the CFA franc. The exchange was made at a rate of CFA Frs 5 to one unit of the new currency.
(x) General rates of oil and iron exports 72.2055.
(g) The Mongolian tugrik has lately been reported to stand at an official commercial rate of 0.225 Russian roubles, the North Vietnamese dong at 0.316 roubles and the North Korean won at 0.7493 roubles. With the pound standing at 1.25 roubles the following relationships could be calculated for the pound: £=5.64 tugriks; £=4.15 dongs; £=1.695 won.
* Rate is the Transfer market (controlled).
** Rate is now based on 2 Barbados $ to the dollar.
† Now one official rate.

# Insurance bill can be held down if well is capped in a few days

BY TERRY WILKINSON, CITY STAFF

THE LONDON insurance market is likely to be responsible for about 11 per cent. of the total claims arising from the blow-out.

Given that the major item—the platform with an insured value of $60m. (£35.3m.)—is still intact, the total liability involving physical damage, the costs of controlling the blow-out and any pollution effects, is not likely to be as severe as was once thought—assuming the well is capped successfully within the next few days.

The majority of the risk on the Bravo platform has been insured by O.I.L. Insurers, a consortium of 33 world-wide oil companies (although excluding British Petroleum and Royal Dutch Shell) based in Bermuda.

### Market

O.I.L. was formed in 1971 because the world insurance markets proved unhelpful when platform and pollution insurance was sought by the oil companies, partly because of the size of risk involved and partly because of recent bad experience, particularly with the Torrey Canyon disaster.

Of the six companies involved in Ekofisk—Phillips, Petrofina, Elf, Total, Agip and Norsk Hydro—four belong to the O.I.L. consortium which has insured about 85 per cent. of the risk, it is thought, of the package, including consequential losses.

Two companies, Elf of France and Norsk Hydro of Norway have gone through the London market—Lloyd's and British insurance companies—while about 4 per cent. of the risk is believed to have been placed in France and Norway.

The Bravo structure is not a major platform in the North Sea in insurance terms. It was the first field to be developed commercially, coming on stream in 1971, and its insured value of $60m., with a replacement value estimated at between ... with an estimated value of over $500m. for a major fixed platform to-day.

Provided that the platform does not catch fire, the immediate hazard and cost centre is the oil gushing from the well. The cost of cleaning this up and meeting the fees of Red Adair's services will be borne by the companies.

This compares, for example, with £1.25m. for the clean-up costs of the Torrey Canyon episode, which required 25m. gallons of detergent for a 119,000 ton cargo of crude oil.

Lloyd's was unable to estimate yesterday the ultimate cost of the blow-out or to what degree re-insurance, whereby underwriters such as O.I.L. place a portion of their risk, has been placed in London.

A leading insurance broker estimated that if the blow-out were to be capped in four days, $5m. to $10m. might be involved. If the process went on for longer the eventual figure could not be calculated.

Neither the oil companies nor the insurance brokers were prepared to estimate yesterday either the total insurance coverage, including consequential losses, or the premiums paid by the participants.

### Unscientific

"O.I.L. charges premiums on an unscientific basis," commented one broker. "They just make the level of premiums fit the claims as they come in."

Although the present accident does not at present seem as serious as recent episodes in the Norwegian sector of the North Sea—the grounding of the 19,000 ton Deep Sea Driller near Bergen last March and the explosion and fire on the Phillips Group's Alpha gas oil rig in November 1975—the blow-out has brought home once again the high potential risks in terms of the 10-year-old North Sea industry.

# French gas supplies remain unaffected

THE BLOW-OUT will not affect French gas supplies even if production is stopped for several months, sources at Gaz de France (GDF), the French utility, said yesterday.

Gas imports from Ekofisk this year, which were scheduled to begin next month, would have been marginal. These are set to be stepped up gradually to reach between 25-30bn. thermal units in 1979 and 1980 when they will represent only 10 per cent. of overall French gas consumption.

French gas consumption last year totalled about 210bn. thermal units, with the Netherlands supplying 90bn., domestic production 70bn., Algeria 40bn., and the Soviet Union 10bn. thermal units.

# Biologists urge care on use of dispersants

BY FAY GJESTER

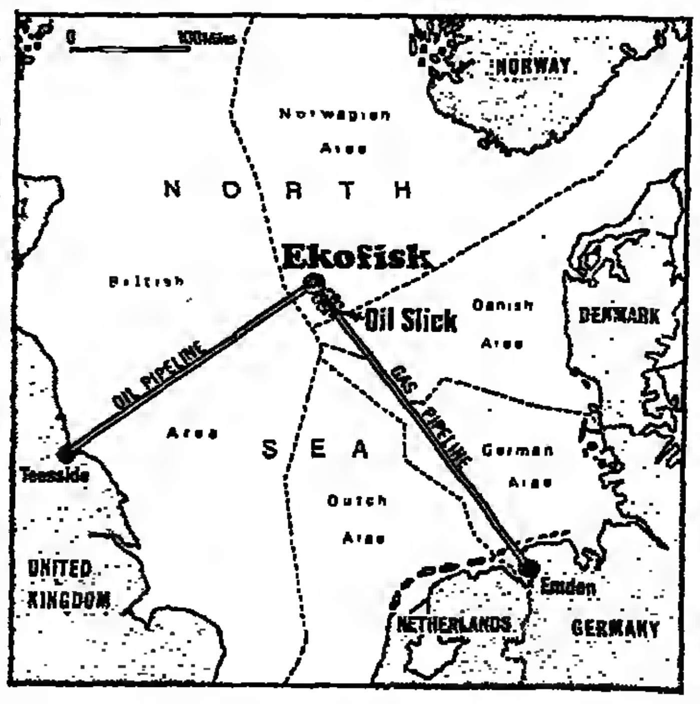
OSLO, April 25.

THE ecological consequences of the blow-out will be incalculable unless the attempt to cap the gushing pipeline succeeds and the oil flow is stopped within the next few days, according to Norwegian marine biologists.

If the capping goes ahead as planned, only limited damage to Norway's important fishing industry is likely. But a continued flooding-out of oil for several months while a new well is drilled to divert the flow could be disastrous.

The threat is not only from the oil itself: dispersive chemicals used to fight the slick are likely to be even more harmful to marine life and biologists are urging that they be used as sparingly as possible.

From a fisheries standpoint, the blow-out came at the least unfavourable time, according to Mr. Ole Johan Oestvedt, of the Bergen Marine Research Institute. Fishing activity in the area at the moment is limited, consisting mainly of a few Danish and Norwegian boats trawling for sand-eel. The mackerel which normally come to the North Sea to spawn have not arrived and, if the present slick drifts away by mid-May, the year's crop should be safe.




### Different water

If not, eggs and larvae will die. They float only about 15 cm below the surface. Fish eggs and larvae are not the only forms of marine life vulnerable to surface slick: plankton, an important link in the food chain, also floats near the surface and can be destroyed by oil spillage, Mr. Thor Heyerdahl, Jr., also of the Bergen Institute, said.

Experience with similar spills in other parts of the world, he says, give no real basis for assessing what will happen in the North Sea, where water temperatures and the marine environment are different. "Because of this, we will be following development with anxious eyes."

It was not possible to say how much the spill would affect marine life, but offshore oil activities the world over tended "to be concentrated just where they can do the most damage."

The richest fishing banks, where half the world's fish was caught, accounted for only 1 per cent. of seabed area. It was on these banks that oil drilling is taking place.

### Mackerel threat

Norwegian marine biologists were on the scene quickly after the disaster happened. A five-man team, led by Mr. Grim Berge, research director of the Bergen Marine Research Institute, went out at the week-end in a naval vessel.

The fishermen immediately affected are those in the Rogaland area of West Norway. Their local association sent a letter to-day to the Environment Ministry complaining of the threat to next month's mackerel fishing and saying that many boats were out fishing sand-eel and a rich sand-eel bank lay close to Ekofisk.

Mr. Johan Toft, chairman of the Norwegian Fishermens Association, said it was frightening that equipment was not able to contain slicks when waves were only 2 metres high or wind only moderate.

One of his Association's main reasons for opposing drilling north of the 62nd parallel was the apparent inadequacy of clean up equipment. "We all know that conditions off Finnmark and Troms can be a good deal worse than in the North Sea."

Norway's fisheries are important to the country's economy, although not to the extent they were some decades ago.

The value of fish landed accounts for just a little over 1 per cent. of the gross national product but the percentage is much higher if account is taken of the employment and values involved in fish processing, the fish meal and oil industry, transport and marketing of fish products and affiliated industries.

Fish and fish products make an important contribution to exports. In January-September last year they were worth Kr 1.9bn. (£210.4m) out of total exports, excluding ships, worth Kr 28.1bn (£3.1bn.)

The fishing industry is also important for demographic and strategic reasons. It enables Norwegians to continue living along sparsely populated coastal areas which offer no other source of income or activity.

**Richard Mooney writes:** In London, the Ministry of Agriculture said yesterday that there appeared to be no immediate threat to North Sea fish stocks. None of the major species in the area—haddock, cod, plaice and mackerel—swim near the surface so they should not suffer ill-effects until the oil either disperses into the water or drifts into shallower in-shore waters. In the latter case, nursery grounds and shell fisheries might be threatened.

### Natural dispersal

A fisheries scientist at the Ministry said natural dispersal of the oil would take place slowly as it spread over an ever increasing expanse of sea. The enormous dilution during this process would mean that damage to fish eggs was negligible. If oil drifted towards in-shore nursery grounds it could be dispersed deliberately before it reached the fish.

The only species in any short term danger was mackerel. Spawning should begin soon, and as mackerel eggs float near the surface those spawned in the affected area were likely to be contaminated by the oil. However, the slick represented only a tiny part of mackerel's spawning ground.

# Denmark wants united fight against pollution

BY OUR COPENHAGEN CORRESPONDENT

THE BRAVO blow-out was discussed in Copenhagen yesterday by Mr. Knut Frydenlund, Norway's Foreign Minister, and Mr. K. B. Andersen, his Danish counterpart. The Norwegian Minister is in Denmark on a two-day official visit.

Denmark has asked the Norwegians to set up a ministerial committee of North Sea countries to co-ordinate measures against pollution. The Bravo slick is expected to drift towards the west coast of Jutland, a favourite holiday area for Danes and Germans, reaching the Danish coast in about three weeks.

The Norwegian disaster may have repercussions on the search for oil off the west coast of Greenland. The Greenlanders, whose chief industry is fishing, are already uneasy about the impact which the oil search along their coasts can have on the 45,000 population of the world's largest island.

A commission working on terms for Greenland home rule, which is expected to take effect in 1979, has agreed that the Danish Government and Greenlanders will each have veto right over all questions related to the exploration for and extraction of minerals in Greenland and offshore.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# Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● ENERGY

## Recovers the heat in exhaust gases

WITH FUEL costs high and likely to go higher still there is even more justification than hitherto for the installation of equipment that will recover heat that is otherwise wasted, particularly in the larger factories where uses can always be found for extra hot water or a heat boost for process media.

To meet the situation, Wanson has designed heat recovery equipment specifically for use with diesels and gas turbines.

Based on the Wanson coil tube, it has concentric and separated helical coils in a cylindrical steel casing flanged top and bottom to fit into an exhaust gas stack. The unit has been tested in field conditions and has shown to be efficient in that there is low gas-side pressure loss while heat transfer is uniform. The coils are continuously scrubbed by the gases in the stack and soot build-up is minimal. The coils are free to expand inside the casing and the assembly is insensitive to gas pulsation and thus is not affected by mechanical stress.

Because the coil assembly is light in weight and simple in design, installation is easy, as is maintenance, and there is no obstacle to the use of the units in marine installations.

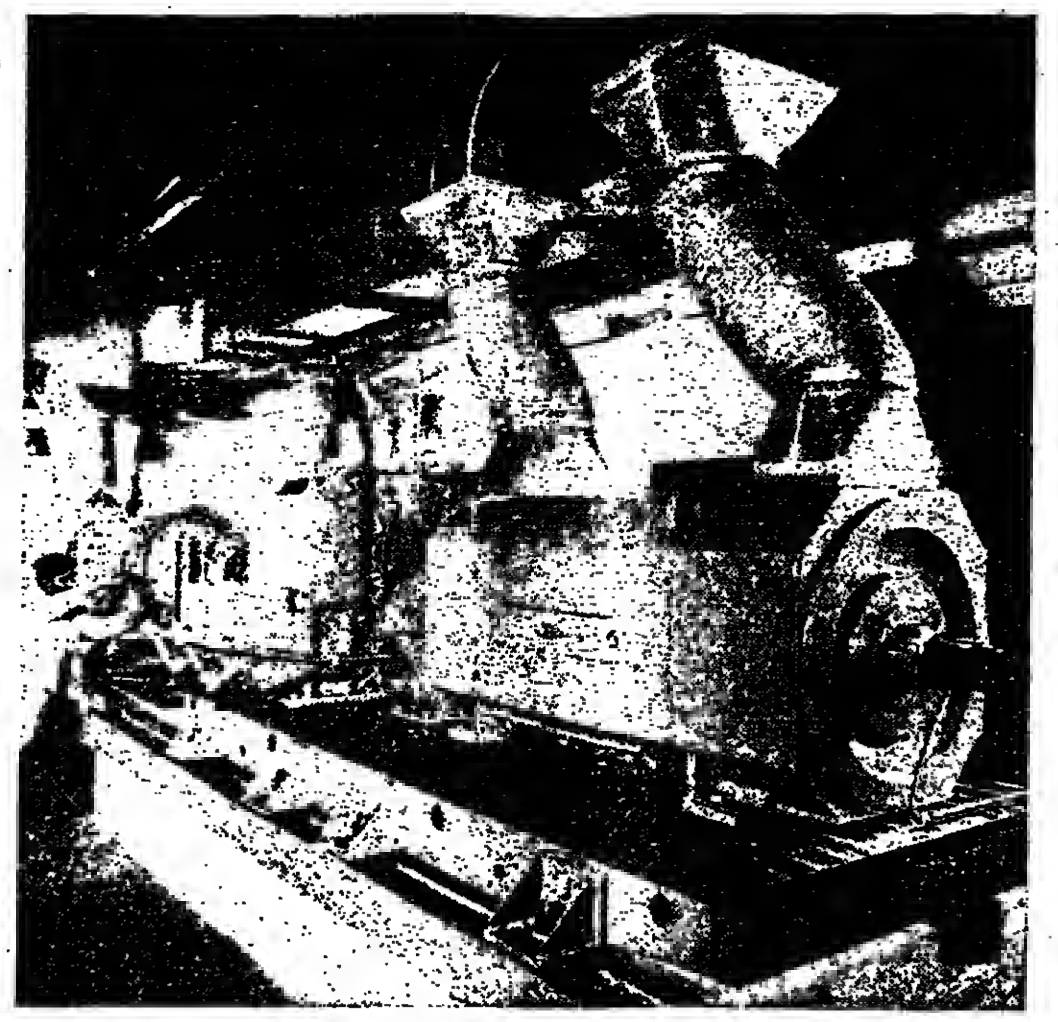
Thermal fluid heating, steam raising and water heating either as a prime mover or as back-up are suitable for the design which goes up to 3000 kW with an exhaust gas inlet temperature of 350 degrees C.

The company has installed an initial Lloyds-approved unit on a 300,000-dwt vessel. This was rated a 1.4 MW with an exhaust gas temperature of 370 C. Two sister ships are being similarly equipped.

Wanson is involved in designing its heat recovery units for a variety of users including platform operators and plants where total energy systems are being installed.

More from the company at Borehamwood, Herts WD6 1SA. 01-953 7111.

● RESEARCH



Two electric motors, one driving and one applying load, test heavy gearboxes on Leyland's new rig.

## Test facilities expanded

RESEARCH AND development facilities at Leyland Truck and Bus Group's test operations centre are being significantly increased at a cost of over £½m.

The money has been invested in two test units, which are about to be commissioned, and in a new dynamometer. They are housed in the test building at the Group's Spurrier Works, Leyland, Lancs.

To be used in the development of truck and bus transmissions, one of the facilities, costing over £¼m., is believed to be one of the most advanced of its type in the world. The other is a new electro-hydraulic unit, worth £200,000, which is capable of simulating road loads imposed by all types of operation conditions on components ranging from a single part to a complete vehicle.

These two new rigs are part of a major modernisation and extension programme of the Group's R and D facilities. A new £80,000 vehicle dynamometer will shortly be brought into use, and further facility developments will be announced later.

In the past, development of manual, semi and fully automatic gearboxes for heavy vehicles was complicated and time consuming, particularly because of the lengthy and costly road testing involved.

The transmission test rig will play an important role in the development of new gearboxes, and has been designed to ensure maximum flexibility.

Transmissions for the smallest trucks can be tested, as well as those for trucks with engine outputs up to 400 bhp. The rig can test all gears in the box on load and over-run. Speed, torque and temperature can be controlled and the facility can test gearboxes with built-in retarders.

An important aspect is its fail-safe capacity—it will disengage from full load in 16 milliseconds when triggered by an automatic failure-sensing system. This means that the other gears in the box will not be destroyed, and the cause of failure can be identified.

At present the rig is limited to steady state, but developments are expected to allow reproduction of road route conditions. The rig comprises two 400 bhp electric motors (Swiss built), one providing drive and the other load, with the gearboxes mounted in between. Input speeds of up to 4000 rpm are possible. Control is from a sound-proofed room, but eventually will be automatic.

British Brown Boveri (U.K. subsidiary of the Swiss Brown Boveri Group) supplied the rig —an integral part of the contract was that there should be the maximum amount of U.K. equipment used, and this has been achieved with the exception of the electric motors.

Dynamic loads from 5 to 25 tons on components ranging from single brackets to complete cab and chassis is a feature of the electro-hydraulic facility now in operation. It is the second phase of a rig which came into operation in 1973—on which total investment is now over £1m.

Vibration encountered on the road or test track is recorded, and with the new facility the control channels handling reproduction of the vibration modes have been increased from three to six. The loads are applied by hydraulic jacks powered from pumps with a total output of 750 hhp. A complete chassis and several smaller components can be tested simultaneously.

● SERVICES

## Aids the converted

BY JULY, Computel, which has already done a great deal towards helping users of ICL's large New Range machines move over smoothly from their earlier equipment, will provide a unique facility for those who intend to implement a 2960, median machine in the series, which has been selling like hot cakes—though it costs not far short of £1m.

Over a period of about a year, ICL has placed 55 of these machines. A number have gone to Government organisations but there are now also many industrial and institutional users and it seems that the machine, after a start beset with rumour and denial, is set to be a best-seller in Britain and Europe.

A very recent release of a conversion aid by ICL suggests that it should allow users to convert to 2960 without any need to run in parallel. The 2960 Computel will take into its Bracknell centre in July will be running side-by-side with a large 1904S so that anyone nervous of taking a chance on cutting over to a new machine will have all the facilities to hand to evaluate, test and convert before actually moving an important processing routine over to a 2960.

The Bracknell centre will also provide support for users who have not yet gained experience of the facilities which are available on the 2960 and not on earlier machines from the 1900 or System-4 group. Remote processing support will be backed by the company's several years' experience as a bureau.

For those who need it there is a staff training programme while software evaluation is provided as well as data preparation and guides for the transfer of work from one type of machine to another.

A second machine is to be delivered later in the year and the total bill for the two will be £1.5m. Together with the very large 1904 provided for the conversion work, the total bill must be not far short of £2½m. But the conversion market with its many hundreds of 1900 machines installed in Britain and overseas is well worth the investment.

Computel, Eastern Road, Bracknell, Berks RG12 2UP. Bracknell (0344) 23031).

● INSTRUMENTS

## Surface analysis

A SCANNING Auger electron spectrometer recently acquired by Loughborough University of Technology is to be used by Loughborough Consultants (an associated company) to offer a surface analysis service.

Power of Auger electron spectroscopy lies in its ability to provide analytical information in a depth confined to the upper two or three atomic layers.

Spot size of the Loughborough instrument can be down to five microns so as to give pin-point surface data, and a visual image of up to 2,000 times magnification permits accurate positioning of the analysis point on the sample. Chemical mapping is possible, so that the positions of elements with reference to the surface topography can be determined. A further facility is automatic depth profiling enabling concentration depth profiles to be made to deeper levels than would otherwise be feasible.

Organisations likely to find the service of use will be those concerned with surface treatment, corrosion, fatigue, welding, protective films, electrical contacts, semiconductor processing and thin film work. More on 0509 30426.

## Detectors of rust and pollution

MAKING a virtue of necessity, Central Electricity Generating Board is exhibiting at the Hanover Fair an instrument which can be applied to drill rigs and intricate aircraft structures to detect, remotely, corrosion which would otherwise be impossible or extremely expensive to measure.

It is a laser-based device which was originally evolved to measure the corrosion inside nuclear power plants operated by the CEGB and threatened structurally because of corrosion and breakage of retainer bolt systems in the scaffolding surrounding and restraining the nuclear furnace itself.

Pulsed lasers can drill small holes in steel very quickly, and reflectivity of oxide compared with metal is very low. Hence the principle of the unit which can measure the thickness of the corroded layer by noting the amount of energy needed to drill through the layer.

Modifications to the basic unit have made it capable of analysing the chemical composition of steels, particularly for sulphur and silicon content. It has also been improved to the extent that it can measure oxide thicknesses in the range 10 to 1,000 microns in one to five seconds. It is tough enough to work in most hostile environments, including under water.

Further work is in hand that will aim at using the metal vapour produced by the laser to measure steel composition.

Another development on view at Hanover has its parallel elsewhere, though the CEGB's unit seems to have greater analytical power for the plumes from high smoke stacks than devices developed in Sweden and other countries.

It is again a laser-based device, this time using a dye-laser to look at the smoke emissions from power stations principally for their sulphur dioxide and oxides of nitrogen contents. At long range—up to 2 km—the prototype lidar will analyse concentrations of the major pollutants down to very low levels.

More from CEGB's Marchwood Engineering Laboratories, Marchwood, Southampton, Hants. Totton 5711, Attention Dr. Brian Tozer.

● CONFERENCES

## Electric vehicles

PRESIDENT Carter's recent pronouncements on the conservation of hydrocarbon fuels are bound to give a fillip to a meeting on electric vehicle development to be held May 31 to June 1 at the Royal Institute of British Architects, 66 Portland Place, London W1.

The conference will be concerned with the development of all forms of battery powered road vehicles in the U.K. but will include contributions from Germany, France, Belgium and Holland. Subject areas covered will be battery power and economics, operational systems and supply networks, engineering design and the power source, vehicle test programmes, and international activities.

Meetlog is organised by the Electric Vehicle Development Group which has been formed by companies in the field and other bodies because factors effecting the use of electric vehicles are changing radically and the Group believes that such vehicles should begin to replace a significant part of current transport in the U.K. Registration costs £70 and application should be made to the Group at 59 Colebrook Row, London N1 8AF (01-359 7352).

● *By agreement between the Financial Times and the BBC, information from The Technical Page is available for use by the Corporation's External Services as source material for its overseas broadcasts.*

● MATERIALS

## Suspension settlers

A RANGE of flocculating and dewatering agents in both granular and liquid form is available from Fospur (a Foseco Minsep Group company).

Decapol high molecular weight polymer flocculants are for settling out suspended solids in municipal and industrial water and effluent systems. They are stated to improve the dewatering characteristics of the resultant sludges.

Consisting of a number of anionic, non-ionic and cationic polymers, the flocculants, by being simultaneously absorbed on to a large number of particles, cause the suspended solids to agglomerate and settle.

The maker says that in sludge pressings they eliminate wasted press capacity caused by the hydroxide floc formed when inorganic coagulants are used.

Details from Fospur, Alfreton Industrial Estate, Nottingham Road, Somercotes, Derby DE55 4LR (077384 4325).

● METALWORKING

## Cutting the cost of melting

METAL RECOVERY and metal melting form an important part of the work of the Electricity Council Research Centre at Capenhurst, Cheshire.

Investigations are made with the aim of reducing the capital cost of electric melting equipment and improving the performance and reliability of metal melting and holding units.

In addition, a comparison is being made between electric and non-electric metal melting furnaces with a view to providing a more precise control over the physical properties of cast and formed products through the use of electricity.

Other work is intended to improve the melting yield, especially of finished castings, and the control of associated processes such as melting of aluminium and brass in coreless furnaces. Investigations are also being made into the application of electric melting in more diverse practices such as the removal of magnesium from aluminium, and of the inclusions from steel.

Much of this work is already being applied by the more enlightened members of the foundry industry (the Centre has been active in this field for at least five years), but one of the latest investigations, on which work is still in progress, will be of considerable interest to melters of aluminium wrought scrap of uncertain magnesium content.

It is often necessary to reduce the magnesium level of the melt from as high as 0.5 per cent. down to the 0.1 per cent. maximum required for certain specifications (LM6, LM24). Conventional methods involve cover fluxes, which loses metal in the dross, and the production of fume which causes pollution problems.

At Capenhurst, it has been found that the injection of chlorine into the loop of a channel induction furnace used for melting scrap, removes the magnesium.

At gas flow rates of 60 litres/minute and low power inputs, fumeless stoichiometric magnesium removal was achieved to a level of 0.1 per cent. Although this is currently at the development stage, the Centre believes that when fully developed with higher chlorine input rates the technique will offer an alternative "demagging" route for the secondary aluminium industry.











● STORAGE

## Provides more spac under cov

MINIMAL cost is the claim for Frame Supported Do type of structure providi ered storage space which been developed by Gotth Structures (U.K.).

The building has a finished lattice steel frame over which is stretched coated, flameproof, light lised polymer fabric retai position by tensioned anchored in a concrete tion. Doors are designe pedestrian or vehicular tr required.

Any length of buildin available in a choice spans ranging from 10 metres. Standard roof are 4.5 and 6 metres to The fabric is claimed to wear, moisture, snow, fi chemicals, and if puncture example by a fork lift can be easily repaired wi kit supplied. Expected li the building is between 12 years.

Normal building time tween four and eight according to size and supply and erection vary £21.50 to £32/sq. metre. Op extras include lighting heating.

Details from the make Balcombe Road, Horley, S RH6 9EG (02934 6363).

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# HOME NEWS

## Tyndale teachers sacked on grounds of misconduct

BY ANDREW TAYLOR

SIX NORTH London school teachers who went on strike at William Tyndale school, Islington, after parent protests over indiscipline and poor teaching were sacked without notice yesterday.

The dismissals came after an Inner London Education Authority disciplinary hearing accepted charges of indiscipline, inefficiency and misconduct against the six.

The teachers, including former headmaster of William Tyndale, Mr. Terry Ellis, said they would appeal against the decision and also called for a strike by London teachers in their support.

The teachers are expected to press their demand at next week's branch meeting of the North London Teachers Association.

Mr. Brian Haddow, who faced charges of indiscipline and misconduct, said that the six—Mr. Dave Felton, Mrs. Dorothy McColgan, Mrs. Sheila Green and Mrs. Jackie McWhirter are the others — would appeal through conventional ILEA procedures but would if necessary take their case to an industrial tribunal.

Mr. Haddow claimed the six were being sacked because they had gone on strike following the parents' protest of inefficiency and the arrival of inspectors at the school. He said that the tribunal had recommended that the teachers be sacked specifically on the charge of indiscipline.

The tribunal had also found Mr. Ellis and his former deputy Mr. Haddow were inefficient but recommended they should not be dismissed on these grounds.

The dispute over teaching methods at William Tyndale began in 1974, after parents started withdrawing their children from the junior school following the complaints over indiscipline and poor teaching.

A local school inspectorate report found that "children of nine or ten were unable to use a ruler, spell the simplest of words or wirte more than a few sentences or even form their letters or numbers."

Following a strike by Mr. Ellis and six staff, a public inquiry headed by Mr. Robin Auld, QC, blamed the headmaster as the main cause of the troubles at the school. The Auld report said that Mr. Ellis was too easily influenced by the "much more aggressive Mr. Haddow."

The teachers have been on paid leave since they were suspended when the trouble started. However, two of the original eight teachers have resigned following the inquiry.

It was estimated that Mr. Ellis would lose £6.00 a year as a result of the dismissals and Mr. Haddow £4,000.

Mr. Haddow said that he was not surprised at the result of the tribunal. "Once the ILEA had spent all that money on the Auld inquiry we were left with this tribunal which had to justify its findings." Mr. Haddow added that he had no regrets. The teachers believed that what they did was in the interests of the children.

## Ezra opposes legislation on worker participation

FINANCIAL TIMES REPORTER

ATTEMPTS to impose worker participation schemes by legislation were severely criticised last night by Sir Derek Ezra, chairman of the National Coal Board.

Giving the seventh Standard Telephones and Cables annual *Communication Lecture* in London, Sir Derek said that the initiative and responsibility for introducing effective participation rests with management. It is for them to put forward proposals, have them discussed and seek to get a positive response.

"Any thought that participation can simply be imposed by decree is very wide of the mark."

Sir Derek also criticised the Bullock Report for paying insufficient attention to alternative participation proposals being studied by industry.

"The lack of attention given by the majority of the Bullock committee to the numerous efforts to develop participation in industry, I feel, undermined the credibility of their own work."

Sir Derek, outlining the NCB's four-tier participation proposals and alternative schemes now being studied or implemented by other nationalised industries, said that individual schemes should be tailored to suit the needs of individual industries.

He said that the most meaningful schemes had been developed at plant level, and the NCB were proposing joint policy committees with union management and Government representatives operating from colliery up to national level. "Any effective participation system has got to start from the bottom and work up," said Sir Derek.

## Leyland backs new Mini plan

Sir Richard Dobson, British Leyland chairman, yesterday presented the corporation's review of the activities of its Cars Division to the National Enterprise Board. It strongly favours pressing ahead with the £250m. plan to build the new *Mini*, and the retention of Leyland's position in the volume car market.

### Tanker safety

Compulsory laws requiring the labelling of road tankers carrying dangerous loads are proposed to-day in a consultative document from the Health and Safety Commission.

### Electric cars

A further boost to develop multi-purpose electric vehicles came yesterday with the Department of Industry saying that it would provide up to £400,000 to defray the extra capital costs of London boroughs willing to take electric vehicles in preference to conventional diesel models.

### Brick output up

Brick production last month rose sharply and deliveries also increased. Provisional figures from the Department of the Environment estimate that output reached 490m., against 415m. in the previous month and 491m. a year earlier.

### Korea tax deal

A double taxation convention between the U.K. and Korea has been signed.

### Steel problem

Under-capitalisation is a more serious problem than over-manning in the British Steel Corporation's production side, a Commons select committee on nationalised industries was *told* yesterday.

### Justice plea

The Ombudsman, first appointed ten years ago to strengthen the individual's position against bureaucracy, should be given more power, says Justice, the British section of the International Commission of Jurists.

### Oil objection

Volkeswagen will not be adding BP's VF7 oil to its approved list for cars in the U.K. but it will be approved for use in colder countries such as Sweden. The company emphasised that the objection was a general one to 10W-30 oils, as opposed to the thicker 20W—50 oils generally used in the U.K.

## British Caledonian plans more Continental routes

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH CALEDONIAN, the U.K.'s second largest international airline, is planning to expand its short-haul routes linking Gatwick with the Continent, with flights to Copenhagen and Dusseldorf. It intends also to expand links from the provincial cities with flights from Glasgow and Newcastle to Paris.

Applications for these new routes have been made to the Civil Aviation Authority. The airline wants an unrestricted licence for the Dusseldorf flights: for Copenhagen it is seeking up to 21 flights a week in each direction and 14 flights a week in each direction between Glasgow and Newcastle and Paris.

The airline wants to add Aberdeen to its existing flights between Edinburgh, Newcastle and Copenhagen.

The company wants the licences for Paris and Dusseldorf to run for 10 years from October 1 and that to Copenhagen to run for 10 years from March 1 next.

The airline says that because of the growing significance of Gatwick additional services are needed to cater for the demands of air travellers in the south-east, while the expansion from Glasgow, Aberdeen and Newcastle would do much to stimulate industry and commerce in those areas, especially in view of the growth of North Sea oil.

## North Atlantic busier

NORTH ATLANTIC air traffic last year rose by 11 per cent. to more than 13.8m. passengers, Michael Donne writes.

Announcing this result, the International Air Transport Association said that its member-airlines carried 83 out of every 100 passengers who flew the North Atlantic, in both scheduled and charter aircraft.

On the mid-Atlantic routes linking Europe with the Caribbean, traffic hardly grew at all, the rate being only 0.2 per cent., to a total of 960,000 passengers.

On the South Atlantic routes, linking Europe with South America, there was a decline, with scheduled passenger traffic down 12 per cent. to 672,653, and charter passengers down 0.9 per cent. to 37,046.

On the North Atlantic route, the number of seats offered rose by 4.6 per cent. to 16.25m., with the result that the load factor (the percentage of seats filled) rose 3.5 points to 60.9 per cent.

● The Government statement on future airports policy is expected to be made towards the end of the summer.

Mr. Stanley Clinton Davis, Aviation Minister, said yesterday that no decisions had yet been taken, but the Government intended its policy to be flexible.

"This does not mean that a new airport is excluded from consideration for all time, but it does suggest an exhaustive look at the contribution that existing airports can make."

## Labour pledge on housing and jobs for young

BY STUART ALEXANDER

A HOUSING "charter for the young" was unveiled by Sir Reg Goodwin, Labour leader of the Greater London Council, yesterday. "A twin attack on providing housing and jobs for London's young in the central area will be the cornerstone of a Labour's GLC policy after the May 5, election," he said.

The letting of flats and houses to youngsters living and working in London would be vastly expanded," he said. About 13,000 lettings were planed in the next four years for this group and additionally 400 houses would be provided for industrial workers returning to London.

Mr. Tony Judge, chairman of the GLC's housing management committee, said that the acceleration of lettings in "hard-to-let" blocks would be accompanied by allocating 12,000 houses, some of them new, for sale on a 50/50 equity sharing basis and mortgage loans would be expanded.

## £25m. railbus plan 'negative'

BY IAN HARGREAVES, TRANSPORT CORRESPONDENT

A WATCHDOG organisation yesterday branded British Rail's plans to substitute buses for trains on some loss-making lines as negative. The £25m. a year it might save in Government subsidy did not justify the upheaval to passengers.

The Central Transport Consultative Committee, which would have a key role in vetting the changeover if it received Government support, said that the £25m. saving represented only 7 per cent. of the British Rail Board's total annual passenger subsidy, which would not compensate for the "considerable passenger resistance" generated.

Up to 2,500 route miles could be taken out of the passenger network if British Rail's ideas are implemented. But in return British Rail is asking the National Bus Company to withdraw express coach services where these compete with Inter-City trains.

The committee does not accept the case for the withdrawal of coaches which, it says, serve a different public.

Disadvantages of bus-rail substitution pointed to in the report include: loss of revenue to Inter-City as branch feeder lines are cut; fears that the substitute buses would not in practice have an assured future; the fact that rail travellers have shown they do not consider buses a satisfactory alternative to trains and the heavy investment that would be needed in designing a suitable type of bus.

The committee believes that the plan could have a damaging effect on rail freight services, which would be forced to bear their entire infrastructure costs on lines which were retained for freight-only operation.

The committee adds that it is not opposed in every case with bus-rail substitution, but suggests that the railways board would be better employed in more aggressive marketing, extending cheap fare schemes, opening up low-speed light railways and even, where new population centres justify it, re-opening rail services closed in the 1960s.

Mr. William Rodgers, Transport Secretary, will meet representatives of the board and rail unions to-day to listen to their case for more investment in railways. He will be told that without more cash, services will become slower, less safe and that eventually some will have to be withdrawn. The plea comes four weeks before the expected publication of the Transport White Paper.

# PARLIAMENT and POLITICS

# Varley in angry clash over Drax B order

BY IVOR OWEN, PARLIAMENTARY STAFF

A NEW ROW flared in the Commons yesterday over the fears of North-east backbench Labour MPs that the Government is ready to facilitate arrangements which will enable GEC to secure a straight takeover of C. A. Parsons, Newcastle.

Central figure in the storm was Mr. Mike Thomas (Lab., Newcastle E.), who wanted confirmation that the option of placing the order for the Drax B coal-fired power station with Parsons was still open.

At the same time, he pressed the Government to tell GEC that it would get no orders until it co-operated with plans for re-structuring the heavy electrical plant manufacturing industry and the formation of a national company.

## Difficult

Mr. Thomas also called on the Government to underwrite an assurance given by the Reyrolle Parsons management to workers at C. A. Parsons that they would not engage in discussions with GEC without the workers' agreement.

Mr. Eric Varley, Industry Secretary, told him: "I am not in a position to give any kind of specific assurance this afternoon, one way or another."

He stressed that negotiations now in progress were extremely difficult and added: "I am bound to tell Mr. Thomas that his statements over the past few days have not helped the position."

Mr. Bernard Conlan (Lab., Gateshead E.) warned that if newspaper reports of the past few days were only half true, the Government would face a "vast backlash, industrial and political, in the North-east."

While recognising the concern on the Labour backbenches over the preservation of jobs in the North-east, Mr. Varley complained that misconceived, mischievous and wildly inaccurate statements only added to the Government's difficulties.

"Deny them, then," challenged Mr. Thomas.

Later, in reply to Mr. Ian Wrigglesworth (Lab., Thornaby), Mr. Varley stated that there was no doubt that but for Government intervention, the entire industry, and Parsons in particular, would be under severe strain.

He repeated that negotiations were extremely difficult, and protested: "When colleagues in the House of Commons make statements which are inaccurate and, in some cases, pure fabrication, this makes our lives very difficult."

Claiming that these remarks had been aimed at him, Mr. Thomas asked for the protection of the Speaker, Mr. George Thomas. The Minister, he maintained, should either confirm or deny the statements he complained of and not abuse colleagues.

The Speaker pointed out that Mr. Varley had not referred to any MP in specific terms when talking of fabricated statements.

Mr. Nick Budgen (C., Wolverhampton S.W.) asked if GEC had received any assurances that it would be in a favourable position in relation to other commitments when it offered both financial assistance and marketing aid to the Meriden motorcycle co-operative.

Mr. Varley replied: "This is a figment of your imagination."

He had not participated in the Meriden deal, but "as far as I am aware, the two issues were never discussed together."

Mr. Varley complained of "mischievous" statements.

# Judd steers clear of EEC vote system commitment

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

IN AN EXTREMELY cautious speech on direct elections to the European Parliament, Mr. Frank Judd, Minister of State at the Foreign Office, yesterday emphasised that although the Government was committed to work for the introduction of the elections, the final verdict had to remain with the Commons itself.

Speaking on the second day of the debate on the White Paper on direct elections, Mr. Judd took great care to avoid committing himself or the Government to any particular choice of electoral system. Nor would he come out with a preference for proportional representation or the first-past-the-post system.

The fact that he had been one of the leading opponents of British entry into the Community did not make his task any easier, and he was continually harracked by anti-Marketeers on the Labour back-benches.

For the Opposition, Mr. Douglas Hurd, Conservative spokesman on Europe, was scarcely less cautious. Reaffirming that the Conservatives would have a free vote on the subject he said that he personally was against the compulsory dual mandate and the single transferable vote system.

He would accept the regional list system of proportional representation, but his own personal preference was strongly in favour of the traditional first-past-the-post method.

Mr. Judd recalled that Mrs. Margaret Thatcher, the Conservative leader, had criticised the Government for failing to give a clear indication of the method of election which should be employed. But, he said, on this very important issue the Government wanted to take into account a cross-section of views.

At this stage, it did not want to present the House with a stark choice. He was determined to listen so that views of MPs could be taken into account in deciding the best way forward.

## Opponent

It had been suggested, he said, that Dr. David Owen, Foreign Secretary, had not made clear in the debate last week that the Government regarded itself as being committed to direct elections. This criticism was not, in his view, justifiable.

"The Government does regard itself as committed to work for the introduction of direct elections by the Treaty of Rome and the political commitments which the EEC Heads of Government have made."

Mr. Nigel Spearing (Lab., Newham S.), an opponent of the Market, intervened to complain that the former Prime Minister, Sir Harold Wilson, had certainly not made it clear when questioned in the House that entry into the EEC committed Britain to direct elections.

A challenge came from Mr. Eldon Griffiths (C., Bury St. Edmunds) that instead of merely stating that the Government was working for direct elections, Mr. Judd should say specifically that it was committed to holding them in the summer of 1978.

In reply, Mr. Judd maintained that this was essentially a matter for the House of Commons. "Parliament will, and ought to, have a final say since direct elections cannot take place in this country without Parliamentary agreement."

Repeatedly, throughout his speech, Mr. Judd gave the same reply when he was asked to be more specific. "It is for Parliament to decide whether to take that step and I don't apologise for underlining the point once again."

He added that he strongly held the view that the time had now come to holster the democratic accountability of the European Parliament.

At this, Mr. Eric Heffer (Lab., Walton) intervened to complain that direct elections would have no effect at all in democratising the Community. "The same situation will exist as at the present moment unless directly elected members manage to insist on further powers," he said.

Replying for the Opposition, Mr. Hurd said that on the question of direct elections the Government had been guilty not of haste but of hibernation. In February last year, there had been a Green Paper and a debate. Now we had what was in effect, another Green Paper followed by another debate.

He did not think that Mr. Judd's speech had been at all helpful in assisting the House to form a view.

## Precise

He pointed out that a Bill would need to be on the Statute Book by the summer recess if a first-past-the-post system was to be operated for the elections by the target date of next May or June.

Mr. Hurd wanted the Government to make clear whether it was committed to this. He also wanted to know when the Council of Ministers was expected to meet to fix a precise date for the elections.

"Direct elections are not a blow or conspiracy against the House of Commons," he said. "Surely we should welcome the existence of a directly elected Parliament which can probe into those parts of the Community which we cannot reach.

"Whatever the differences, this will be in the perspective of history, quite a step forward. It will be a difficult job, but I believe if we bring it off, it will be quite an achievement."

# Minister replies to TV fears

By Ivor Owen

ANY REFUSAL by the Government to allow a Japanese colour television company to undertake operations in Britain could lead to it being located in another EEC country, Mr. Alan Williams, Minister of State for Industry, pointed out in the Commons yesterday.

Replying to MPs who expressed concern about the impact which the establishment of a Japanese firm would make on the already depressed British television manufacturing industry, Mr. Williams explained that it would take about two years for the new enterprise to become fully operational. In the meantime, a considerable revival in demand for sets was anticipated.

He knew of only one Japanese company which was interested, at the present time, in setting up colour television manufacturing facilities in the U.K.

"All such proposals are looked at by my Department from the point of view of the national interest. I should expect any new plant to provide employment in an assisted area, to use U.K.-manufactured components to the maximum possible extent, to increase exports and to lead to a reduction of imports."

Mr. Williams stressed that the proposals was still under consideration.

Conservative leader Mrs. Margaret Thatcher (second right) watches a fish gutter at work as she campaigns in Grimsby for Mr. Robbie Blair (centre), Tory candidate in Thursday's by-election.

# Postal service defended

PEOPLE WERE now getting a "second-rate service" from the Post Office, Mr. Anthony Fell (C., Yarmouth) claimed in the Commons yesterday.

But Mr. Gerald Kaufman, Industry Minister of State, rejecting the criticism, said that in recent talks, both the U.S. Postmaster General and the Saudi Arabian director-general of posts, had "expressed admiration of the British postal service."

Mr. Kaufman added: "It is about time, instead of attacking the British postal service, Opposition MPs expressed pride in having one of the best postal communications services in the world."

# Written Answers

Mr. Tony Newton (Con., Braintree). Will the Chancellor publish in the Official Report 1977-78 figures representing the effect in revenue terms of: (a) a one penny movement in the basic rate of income-tax, and (b) a one penny movement in the higher rates of tax taken as a whole?

Mr. Robert Sheldon, Financial Secretary. The full-year cost for 1977-78 of reducing the basic rate of income tax by one percentage point is about £480m. The cost of reducing all the higher rates of tax by one point is about £40m.

Mr. Tony Newton. Will the Chancellor set out, in 1977-78 terms, the revenue cost of reducing the top rate of income tax to 70 per cent., 60 per cent. and 50 per cent. for earned income, assuming retention of the Investment Income surcharge?

Mr. Robert Sheldon. If one assumes that earned income forms the bottom slice of any mixed income, the full year cost for 1977-78 of reducing the top rate of income tax on earned income from 83 per cent. to 70 per cent., 60 per cent. or 50 per cent. would be £100m., £230m. or £435m. respectively.

Mr. Cranley Onslow (Con., Woking). What were the wage costs of the Inland Revenue in each of the past six years?

Mr. Robert Sheldon. The wage costs of the Inland Revenue Department from 1971-72 onwards, including employers national insurance and overtime, but excluding the remuneration of Clerks to Commissioners, have been as follows: £126m. (1971-72), £133m. (1972-73), £147m. (1973-1974), 193m. (1974-75), £263m. (1975-76) and £292m. (1976-77).

# Leyland plans review

THERE WERE encouraging words from Mr. Eric Varley, Industry Secretary, in the Commons yesterday for the plans being made by British Leyland to go ahead with the production of a new Mini.

He told MPs: "I am very much in favour of a motorcar industry which is geared to recognise the energy constraints which will be with us for many years to come."

Mr. Varley confirmed that British Leyland's car plans are currently under review by the British Leyland Board and the National Enterprise Board. "As soon as we have them, we shall study them, and take whatever steps are required to inform the House of Commons," he promised.

# Benn firm on oil pollution duties

By Ivor Owen

ANY DAMAGE caused by pollution emanating from the blown-out well on the Ekofisk field will be the responsibility of the oil companies, Mr. Anthony Wedgwood Benn, Energy Secretary, emphasised in the Commons yesterday.

While reaffirming the Government's willingness to assist the Norwegian authorities, he made it clear that should pollution, against expectations, affect British waters there would be no question of the Government accepting responsibility.

Dealing with oil spillage was the first priority, he said, in a statement on the operation being mounted in the Ekofisk field.

But, stressed Mr. Benn, the Government would not be taking over responsibilities which properly lay with the oil companies.

The operators had to accept responsibility for pollution. They would never off-load it on to Governments and they, therefore, had a very keen interest to see that it did not occur.

Mr. Tom King, shadow Energy Secretary, said a Department of the Environment report published last year had predicted a 50-50 chance of a blow-out on a North Sea rig in the next five years. The report said special procedures and arrangements were considered adequate.

Mr. King asked: "Do you believe that is so? Does not the gravity of what can follow from this accident underline what is at risk?"

Mr. Benn said it was clear that, even with the best degree of preparation "there are hazards that cannot be anticipated." But he told MPs that the Norwegians considered their own procedures had operated well.

"Although there will obviously be lessons to learn from this, and I'm not giving the House the impression that I am entirely satisfied, nothing so far has revealed any obvious weaknesses," he added.

Mr. Benn told Mr. Gordon Wilson (SNP, Dundee E.) that it would be wrong to identify Scotland as an especially exposed victim of oil pollution from the Ekofisk rig blow out. With the prevailing winds in the North Sea, it was Norway that was most at risk. There were also Dutch, German and Danish interests.

Mr. Neil Macfarlane (C. Sutton and Cheam) said there had been suggestions that the blow-out safety valve was not effective.

Mr. Benn replied that he found it difficult to accept that some of the biggest oil companies in the world would have hazarded their own platforms for lack of safety arrangements. "I am keen that the House should not tempt me into seeking a scapegoat," he declared.

# Left seeks tough price controls

LABOUR'S Tribune Group last night launched a two-pronged initiative to try to bring prices under greater control.

They warned that the Group would seek to tighten up the Government's Price Commission Bill, which is due to start its Parliamentary passage on Wednesday.

They also urged the Government to give 12 months' notice to the Common Market that unless the Common Agricultural Policy "which is daily forcing up prices" was scrapped, the Government should organise a campaign to get Britain out of the Market.

Mr. Ron Thomas, Tribune chairman, said the Group felt that prices should be rigidly controlled.

Amendments would be tabled to the Price Commission Bill expressing dissatisfaction. It was intended to seek a meeting with Mr. Michael Foot, Lord President of the Council, and Mr. Roy Hattersley, Prices Secretary, to explain their objections to the Bill.

# Concorde successor

INTERNATIONAL collaboration in developing a successor to the Anglo-French Concorde should extend not only to the U.S. but to West Germany and Japan as well, Mr. Gerald Kaufman, Minister of State for Industry, suggested in the Commons.

He praised the success of the Concorde service to Washington. The 93 per cent. load factor achieved by British Airways had made it the most successful airline operation in the history of civil aviation.

On the wider question of the development of a supersonic transport for the 1990s, Mr. Kaufman stated that discussions with his French opposite number had led to agreement that it would be in the interests of both the British and French aircraft industries to proceed first to establishing priorities in the sub-sonic field.

# Coin stays

THERE IS no present intention of withdrawing the 2½p coin, Mr. Denzil Davies, Treasury Minister of State, told the Commons in a written answer yesterday.

# LABOUR NEWS

# Airways strike men to meet again to-morrow

BY NICK GARNETT, LABOUR STAFF

ANOTHER MASS meeting of British Airways' striking engineers and maintenance men has been called to-morrow to hear the results of talks due to take place last night and to-day.

The move followed the strikers' near-unanimous vote yesterday to keep the dispute running into its fourth week.

The engineers' national sectional panel was holding a special meeting last night and the strikers' shop stewards hope to arrange another meeting with the Advisory, Conciliation and Arbitration Service.

Officials from ACAS drew up a peace plan last week only to see it pushed to one side as inter-union talks designed to end the dispute collapsed.

Mr. Reg Birch, the Amalgamated Union of Engineering Workers' national executive member responsible for civil aviation, will ask the union's executive committee to-day to make the strike official. So far, the union has been instructing the 4,000 strikers to return to work. Strikers warned that if official backing was given they would try to step up the dispute by throwing a picket line round Heathrow.

Despite a steady trickle of engineers crossing picket lines to re-start work, yesterday's mass meeting made it plain that the bulk of strikers are prepared to remain firm.

Some pickets on the European Division main gate yesterday said, however, that if the AUEW did not make the dispute official, many more workers might be tempted to cross picket lines than have so far done.

Shop stewards said that about 100 strikers had crossed picket lines up to lunchtime but some came back out without working. Fewer strikers appeared to be crossing picket lines for the afternoon shift.

Yesterday's mass meeting reflected some of the bitterness felt by the engineers against other unions who, they say, did an about-face when talks over shift pay started on Friday.

The other unions want the engineers to return to work before a joint union shift claim is negotiated but the engineers say this was no part of the ACAS peace plan.

Mr. Birch said yesterday that the other unions had "dishonoured" the peace agreement and a strike bulletin issued by the strikers' shop stewards' committee claimed the engineers had been "stabbed in the back."

British Airways expects to have all long-haul services operating to-day and 70 per cent. of the European flights, together with the normal Heathrow services to Belfast and Edinburgh.

● The National Joint Council for Civil Air Transport hopes to meet Mr. Anthony Wedgwood Benn, the Energy Secretary, later this week to discuss the pilots' strike at Bristow Helicopters, Aberdeen.

Mr. Mark Young, general secretary of the British Airline Pilots' Association, to which all the strikers belong, said the Merchant Navy and Airline Officers' Association will ask its members not to serve North Sea oil rigs now being serviced by Bristow.

# Talks go on at Ford Halewood plant

BY ALAN PIKE, LABOUR STAFF

TALKS between management and union officials in an attempt to resolve the dispute which has halted production at Ford's Halewood plant were in progress last night.

The strike, over disciplinary procedures and demands for separate negotiating rights by Amalgamated Union of Engineering Workers members, has cost nearly 6,000 Escorts with a value of £12m. and the toll is mounting at the rate of nearly 1,000 cars a day.

Yesterday's talks with management began after shop stewards representing the 1,200 strikers had met to review the position. The dispute has led to 8,000 workers in the body and assembly plants being laid off.

British Leyland management confirmed yesterday that 90 men at its Castle Bromwich body factory had spent the past two weeks playing cards and dominoes while receiving full pay totalling more than £11,000.

A strike ten weeks ago over the closure of the Castle Bromwich paint shop was settled with an assurance that men unwilling to transfer to other jobs would have their cases considered at national level by the Transport and General Workers' Union. Since then, 250 workers have accepted alternative jobs but 90 are still holding out for similar work or redundancy. They are being paid, although there is no work for them to do, pending a decision on their future.

● Officials of TASS, the staff section of the Amalgamated Union of Engineering Workers, will present a report to-morrow to Mr. Leslie Huckfield, Minister of State for Industry, arguing that the British design and tool industry has shown itself incapable of meeting the needs of Leyland Cars and other advanced manufacturing sectors of industry.

The union will demand that the National Enterprise Board examines what progress Leyland Cars has made in developing a self-contained design-engineering team to meet its model requirements over the next decade—as recommended in the Ryder report—and that the Department of Industry sets up an urgent examination of the present state of the British tool industry.

## Busiest factory

● Output at British Leyland's car assembly plant at Cowley reached 5,690 last night, the highest since December, 1973. Workers have been told they will need to maintain production at that level if Cowley is to lay claim to feature prominently in Leyland plans.

The Cowley factory is now Leyland's busiest assembly plant and its weekly target has been raised to 6,500 by midsummer.

# Striking journalists attack move by rival union

BY OUR LABOUR STAFF

MEMBERS OF the National Union of Journalists, on strike in the East Midlands, yesterday criticised a circular sent to their homes by the rival Institute of Journalists.

Strikers employed by the East Midlands Allied Press at Peterborough, who stopped work last week in support of colleagues at Kettering, have asked the company to "deplore the recruiting attempt" by the institute and to explain how it obtained a list of employees' names and addresses.

NUJ members throughout the group were called out on strike over the Kettering dispute by delegates to the NUJ conference last week. In the Kettering dispute 80 NUJ members on three of the group's papers are refusing to work with nine colleagues who joined the Institute during a strike over a fringe benefits claim. All the company's publications have so far continued to appear.

The Institute circular to NUJ members employed by the company describes the conference which called the strike as "contemptuous of ordinary members." It claims that on the NUJ executive "militant extremism founded on fringe politics" has been strengthened, possibly to the point of effective control, by the latest annual elections.

● A Phase Two pay settlement for 200,000 employees in the general printing industry was agreed between unions and the British Printing Industries Federation and the Newspaper Society yesterday.

# Tribunal confirms right to withhold recognition

BY A. H. HERMANN, LEGAL CORRESPONDENT

RECOGNITION of a trade union by an individual employer does not follow automatically from the fact that the trade association to which the employer belongs negotiates on pay and conditions with the union.

Dismissing on appeal by the National Union of Gold, Silver and Allied Trades against a decision of a Birmingham industrial tribunal, Mr. Justice Phillips, president of the employment appeal tribunal, said yesterday that the accepted meaning of recognition implied some kind of direct contact between unions and employers for the purpose of negotiating terms and conditions.

The appeal concerned a complaint of the trade union that it was not consulted by Albury Brothers, Birmingham jewellery makers, about pending redundancies involving three of its members. The trade union was not recognised by the company, but claimed that such recognition followed automatically from the company's membership of the British Jewellers' Association, whose northern area trade section negotiated with the union a minimum pay and conditions agreement.

This claim was not accepted by the Birmingham tribunal. Confirming the tribunal's ruling, the employment appeal tribunal reasoned that employers might be often wholly unaware which unions were involved in agreements concluded by their trade association.

# Pit unio[n] 'could b[e] split' by bonus plan row

By Our Own Correspond[ent] in Blackpool

LEFT-WINGERS on [the] National Union of Minewo[rkers] executive were warned y[ester]day that their opposition [to a] pit-based productivity sc[heme] in the coal industry coul[d pro]voke a revolt in the coal[field] that would split the union.

The warning was give[n by] Mr. Jack Lally, preside[nt of] the Midlands area of the [union] in a hard-hitting s[peech] supporting a flexible [Phase] Three of the social contr[act].

Mr. Lally, a mod[erate] member of the union's e[xecu]tive, was addressing the a[nnual] conference of his area c[ouncil] in Blackpool and stresse[d the] urgent need for an ince[ntive] bonus scheme in the pits.

His support for a [Phase] Three was not mirrored [by] the delegates, however, [who] overwhelmingly declared opposition to any social [con]tract or any form of [wage] restraint that did not inc[lude] positive protection ag[ainst] inflation.

Mr. Lally, criticising op[posi]tion to any type of ince[ntive] scheme in the coal industr[y by] "some so-called militants [on] the union executive," said: [...] issue them with a warn[ing,] indeed an ultimatum, [...] unless they cease pla[ying] politics with our mem[bers'] wages and conditions of [...] and do the job that they [were] duly elected to do, then t[here] will be a mass uprising of [the] membership."

## Fragmentation

He claimed that unless [a] realistic incentive scheme [was] introduced very quickly, m[any] miners would rebel. [This] could lead to fragmentation [of] the union.

A plan for a pit-based [pro]ductivity scheme—which co[uld] be worth £20 a week or m[ore] to faceworkers—is to be [dis]cussed by the union executi[ve] early next month.

The area will now try to [...] their inflation-proof demand [...] an anti-social contract res[olu]tion from Kent on the agen[da] of the NUM's national con[fe]rence at Tynemouth in Ju[ly].

The mood of yesterd[ay's] conference concerning [the] social contract—from a N[UM] area not noted for its m[ili]tancy—lent support to the c[on]clusion reached publicly [by] Mr. Joe Gormley, the mine[rs'] national president, that the[re] was "not a cat in he[ll's] chance" of the miners ba[ck]ing a new pay deal with t[he] Government this year.

# Another pay offer to police

By Our Labour Staff

THE POLICE yesterday w[ere] offered again pay rises under stage two incomes policy [...] —eight months after they w[ere] due to settle their annual w[age] claim.

The offer was made dire[ctly] by the Home Office because [of] the Police Federation's refu[sal] to deal with the official nego[tiat]ing machinery, the Police Co[un]cil. The Federation says it [has] been unfairly debarred f[rom] collecting a £6 rise under [the] previous policy.

Police Federation leaders [are] considering their reply. T[hey] have been promised talks [on] fringe benefits when the pres[ent] incomes policy expires.

## IN BRIEF

### TUC cash problem

A report on the TUC's financ[es] —it is nearly £300,000 in the [red] —has been called for by [the] finance and general purp[oses] committee. One of the m[ain] problems is the cost of affilia[tion] to international union bod[ies] which may be reviewed. the TUC may also need to r[aise] its own affiliation revenue f[rom] unions of 17p per head per y[ear].

### Costly awards

Unfair dismissal awards co[st] employers £30m. this y[ear,] Employers' Protection Insura[nce] Services, of Walton-on-Than[es,] Surrey, said yesterday.

### Plans for jobs

A pressure group called Youth [...] was launched to carry [out] research into youth unempl[oy]ment, and plan work sche[mes] and training programmes. [The] group's governing body inclu[des] businessmen, trade unionists [and] members of voluntary agencie[s].

### Wages warning

Three million of Brita[in's] poorest workers may lose [the] protection of the wages cou[ncil] system, which could collap[se] under the strains of incom[es] policy, says the Low Pay Unit.

### Dartmoor dispute

Prison officers at Dartm[oor] stepped up their five-week[s] dispute over living conditions voting to work only ten hours week overtime, compared w[ith] the present average of 25 hou[rs]. The move will lead to increas[ed] manning difficulties.

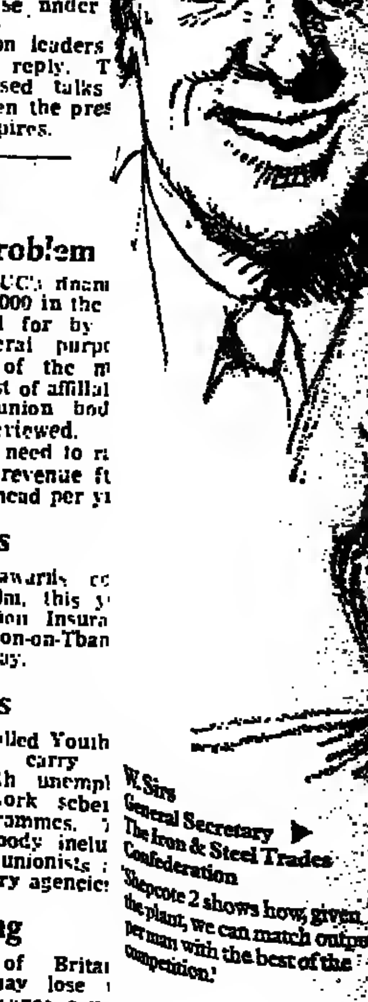
St[...] [ba]ck the [wo]rld [lea]gue

[...] Hodson

[STAINLE]SS STEEL may not [h]ave been invented in [Sheffield,] but it was a local steel[man, Harry] Brearley, who first [realised] the commercial pos[sibilities] in what he called ["rustless] steel." In 1912 he saw [the adva]ntages of the types of [high] carbon, high chromium [steels] he was experi[menting] with for making cut[lery and] other uses.

[...] gave Sheffield a [...] in the new techno[logy of st]ainless steel which it [has since] to lose to fierce [com]petition. Only now, [with the] State-owned British [Steel Cor]poration's £130m. in[vestment in] some of the biggest [stainless] steel production faci[lities in] the world at its Shep[cote Lane,] Sheffield, is an attempt [being made] to put Britain back [among the] top four stainless [producers] of the world.

[British] Steel committed itself [to the de]velopment four years [ago, kno]wing so it realised [the in]vestment would in[volve a] launched upon a [...] [unc]ertainties, not least [...]



W. Sirs General Secretary The Iron & Steel Trades Confederation

Shepcote 2 shows how, given the plant, we can match output per man with the best of the competition.

YES—SHEP[COTE]

The first p[hase] £130 million i[n...] the huge new [...] down alongsi[de...]

Now oper[ating...] Sheffield site [...] capacity for p[...] plate for the [...]

[ہیکل]

FINANCIAL TIMES SURVEY

Tuesday April 26 1977

هكذا من الاصل

# Stainless Steel at Shepcote

With the opening of new facilities at Shepcote, Sheffield, the British Steel Corporation has doubled its stainless steel plate capacity. This Survey looks in detail at the £130m. project, which, when complete, will put Britain back among the world's major manufacturers of stainless.

## Back in the world league

By Roy Hodson

STAINLESS STEEL may not actually have been invented in Sheffield, but it was a local steelman, Harry Brearley, who first recognised the commercial possibilities in what be called "rustless steel." In 1912 he saw the advantages of the types of the low carbon, bigb chromium content steels be was experimenting with for making cutlery and other uses.

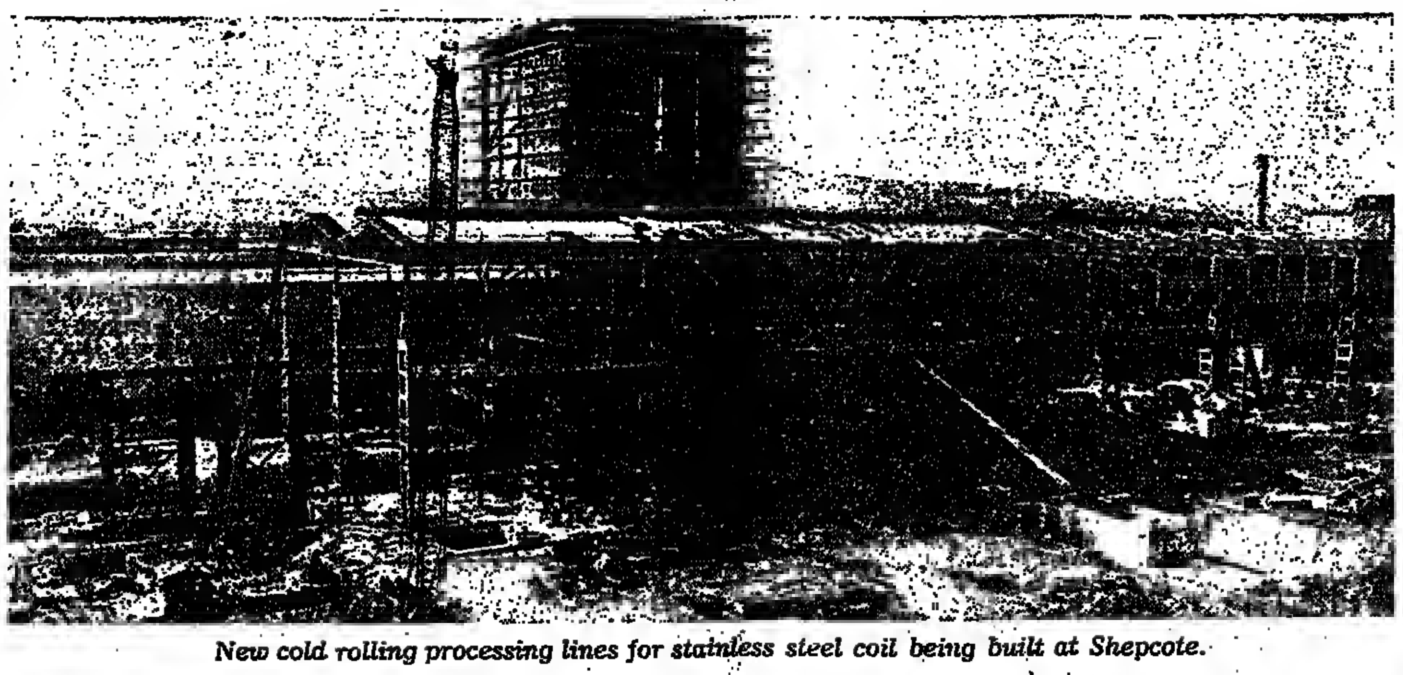
Brearley gave Sheffield a head start in the new technology of stainless steel which it was later to lose to fierce foreign competition. Only now, with the State-owned British Steel Corporation's £130m. investment in some of the biggest stainless steel production facilities in the world at its Shepcote site, Sheffield, is an attempt being made to put Britain back among the top four stainless steel nations of the world.

British Steel committed itself to the development four years ago. In doing so it realised that the investment would inevitably be launched upon a sea of uncertainties, not least of which would be the state of the world market for stainlesa steel. As the new Shepcote stainless steel plant is brought into production, piece by piece, dnring the next few years it will bave to justify itself both by driving out imports from the home market and by winning new markets overseas.

Derek Bray, the director of BSC Stainless and bis commercial manager, Gordon Hill, both emphasise the sales battle ahead for British Steel if the Corporation is properly to deploy an increase of more than 100 per cent. in its total stainless steel-making capacity between the mid-1970s and the early 1980s. At Shepcote and the other BSC Stainless plant at Panteg, South Wales, production is being raised from 100,000 tonnes a year to probably about 220,000 tonnes a year by 1981. At current prices that production will represent an annual turnover of some £220m. a year in stainless steel — approaching one-tenth of British Steel's total turnover.

There will be many sales adventures ahead to penetrate world markets with all the forms of stainless steel that British Steel will be making with its new Panteg and Sheffield plants, and to keep busy the large-scale production facilities.

For the moment efforts in sales and market strategy can be concentrated upon making a success of the first of the new major developments at Sheffield. That is the £8m. investment in plant at Shepcote for finishing stainless steel plate for use in the fabrication of many modern capital items including nuclear power vessela, nuclear fuel reprocessing, chemicals plant, food processing plant, breweries and large specialist containers for use throughout industry.



New cold rolling processing lines for stainless steel coil being built at Shepcote.

The new finishing plant can handle bigger, heavier and wider stainless steel platea than British Steel has been able to provide until now. At a stroke that capability will enable the Corporation to claw back a considerable quantity of business which has been going to foreign suppliers.

Already the new finishing line is turning out stainless steel plates np to 3 metres wide —the previous limit was 2 metres—and up to 11 tonnes in weight. A siogle plate of maximum size is worth about £11,000. Increasingly the plant fabricators favour usiog such massive and costly plates to minimise the amnunt of welding and bandling they have to do during the construction of vessels on-site.

Only a small proportion nf the Shepcote production will be in the form of 3 metre plate. But it is tbe ability to offer that extreme size together witb smaller widths and weights which is going to enable the BSC to capture large orders. Customers for plate like to obtain all their requirements from a single supplier for a particular job in order to avoid duplicating specification requirements. Thns the ability to supply wide plate is an important factor in securing business.

British Steel has been exporting less than 40 per cent. of its stainless steel plate output in recent years. That percentage will bave to rise dramatically within the next year to matcb sales with the extra production from Shepcote. The target is to export 45 per cent. of plate prodnction during the next 12 months wbile plate output from the Sbeffield site climbs steadily from the old level of 30,000 tonnes a year to the new target of 55,000 tonnes a year. By 1980 the Britisb Steel target is to be exporting nearly half of all the stainless steel plate it makes.

The generation of new export business will, it is planned, restore the British position as one of the major suppliers of stainless steel at the expense of some other producers with less advanced production facilities, such as the Swedish makers. Britain has dropped back from being the second biggest producer of stainless steel flat products in the 1950s to eightb place now. The intention is to restore Britain to a position comparable with that of the biggest producers, the United States, Japan, West Germany, and France.

Meanwhile, in the home market for stainless steel plate British Steel is relying upon two factors to belp growth. There is every reason to think that the new Shepcote facilities will enable it to regain business at present going to imports. Second, a continuing ateady growth is forecast for the use of stainless steel in heavy capital goods applications.

The Government is shortly expected to support a new forward ordering programme for the power generation industry which will assure a market for stainless steel plate used in nuclear power stations. British Steel is also hungry for the rich prize of supplying thousands of tonnes of plate for British Nuclear Fuel's projected nuclear fuel plant processing facilities. The recent dictum of President Carter against the reprocessing of nuclear fuel has worried BSC Stainless. Tbe building of tbe BNF £1bn. Windscale reprocessing plant is essential to BSC if the bigher output of stainless steel plate during the next few years is to be marketed according to BSC plans.

Derek Bray stressed the importance of the BNF business. "Our plate finishing developmeot was designed with this business in mind. Once we are established in the field there will be tremendous further opportunities to increase exports." The Windscale reprocessing plant would require very large quantities of stainless steel plate compared with the usual trading levels of the business. During construction of the plant BSC could expect to be supplying it with between 4,000 and 5,000 tonnes of stainless plate a year.

In short, the Windscale project, if it goes ahead, will account for abont 10 per cent. of the Sbepcote plate outpnt for several years.

The inauguration of the new plate finishing facilities at Shepcote are at the forefront of attention at the moment because they will immediately remove a production bottleneck and enable the aggressive selling of stainless steel plate to be carried on rigbt across the bome and export markets.

But tbe underlying strength of the Sbepcote stainless steel development is to be seen in the complete complex of new plant that is being built for stainless steel production on the 100-acre site. There is a new 130-tonne electric arc furnace under construction in a new melting shop—with room for a second similar furnace if demand should warrant the investment in the 1980s. Twn new cold rolling mills are being built, with provision for a third. The melting sbop will bave a continuoua casting machine—using that technique for stainless steel production on a big scale for the first time in Britain.

BSC Stainless was resbaped under tbe recent Corporation management reorganisation into a profit centre in its own right. As such it is a self-contained unit to make and market stainless steel. The new organisational structure coincides with the biggest investment in stainless steel production plant ever seen in Britain. The test of the new unit will be its ability to seek out new orders while running in the new plant to make steel efficieotly and, by comparison with its international rivals, cheaply.

## STAINLESS STEEL AT SHEPCOTE II

# Innovation and integration

BRITISH STEEL Stainless has brought together steelmaking activities on two sites in Sheffield to create the new Shepcote complex. Both Tinsley Park and Shepcote Lane are well-known names in the steel world. The new integrated stainless steel plants of the Corporation straddle both sites—which adjoin each other on the west side of the M1. Henceforth BSC Stainless intends to embrace all its steelmaking there under the single nama Shepcote.

The commissioning of the £8m. wide stainless steel plate finishing plant, which is covered in this survey, is the first hig step by BSC Stainless towards making steel from its new £130m. investment in large-scale stainless steel production. Some of the money is heing spent at the Panteg works, South Wales where sheet is made. But the main investment is at Shepcote.

With the introduction of the new finishing plant, the company is enabled to raise its production of stainless steel plate from 30,000 tonnes a year to 55,000 tonnes a year. But when the entire scheme at present sanctioned is finished—hopefully hy the end of 1978—the combined Shepcote and Panteg facilities will be able to make 150,000 tonnes a year of cold rolled sheet and coil as well as the Shepcote plate production. Thus BSC Stainless will have, with its two works, one of the biggest stainless steel prodnction facilities in tha world. And Shepcota will itself be among tha top stainless steel centres in terms of modernity, ontpnt and productivity.

Panteg and Shepcote are designed to provide two integrated stainless steel production units, each with its own electric steelmaking, continuous casting units, and rolling and finishing facilities.

When all the new plant construction is complete the works will enable BSC Stainless to more than double its production from 100,000 tonnes of finished steel a year to 220,000 tonnes.

At Shepcote the plate finishing facilities have been given an early place in the expansion programme to enable BSC Stainless to get into the wide plate market. All around the new plant the work of building the other new facilities is going ahead and plant is in various stages of completion.

The first piece of modernisation in the programme was at Panteg where the existing continuous slab caster was updated. Now the emphasis is almost wholly upon the many parts of the Shepcote davelopment.

Some £65m. is being spent at Shepcote on steel melting and casting. A further £71m. is allocated to the rolling and finishing facilities.

## Route

Tha primary end of tha new steelmaking route starts with an electric arc furnace and an associated refining furnace called an argon oxygen decarhurising (AOD) furnace. The capacity of tha twin furnace system is approximately 130-tonnes a cycle. They will be starting production this summer.

The electric steelmaking furnace feeds a new continuous casting plant which will cast stainless steel slahs.

Two new Sendzimir cold rolling mills are being built at Shepcote to handle 25 tonne coils of 1.5 metre sheet. A new hright annealing plant is also being put in and will be ready during 1978. Finally, the group headquarters of BSC Stainless is to be equipped with computer assisted ordering processing to handle the hig sales drive as the new steel-making capacity comes into use during the next few years.

The scale of Shepcote is far removed from traditional stainless steel production as practised in Sheffield. Instead of the small furnaces which used to he the normal method of steelmaking Shepcote has a melting shop of a scale usually only found in hulk steel production.

The shop is now taking shape and the furnace, the AOD vessel, and the slab continnous caster are being installed. The caster itself is practically identical with a very big machine which BSC is installing at its Ravenscraig common steel works in Scotland and it will have sufficiant capacity to deal with all the stainless steel Shepcote may be required to make for many years to come.

The 110-tonne electric arc steel furnace will be charged with scrap and perhaps directly reduced ore pellets supplied from the new DR plant being built hy BSC at Hunterston, Scotland.

A melt will take abont 2½ hours after which the steel will be ladled directly into the adjacent AOD refining furnace. This vessel will use a mixture of argon and oxygen hlown through the steel to remove carbon without oxydising the chome in tha mixture.

The steel will he ready for casting after 1½ hours in the AOD furnace. Tha melting shop is big enough to accommodate a second electric arc furnace on the other side of the continuous casting machine if demand warrants the investment. But the extra furnace is not likely to find a place on BSC's investment programme hefore the early 1980s at the earliest.

The melting development now under way at Shepcote will be able to make sufficient stainless steel for the Shepcote finishing plants existing or nnder construction. If market demand warrants it there are plans for a third Sendzimir cold rolling mill after the two now under construction are fully employed.

A feature of all the new installations is the widespread use of computers at several levels of operation. In the melting shop, for instance, the steelmaking process will he largely computer-controlled with the compnter deciding what mix of scrap and pellets will give the best valne for the programme on hand.

Materials handling in melting shop will also be d by computer. Visual dis units will ha used by the op tors and the intention is there should be no paperw at all.

The computer control tems being used on the rolling mills are also consid hy BSC to he as good or be than the hest practice empl hy any of the world's lea steelmakers. The equipme now being gradually introd as the first cold rolling mi hrought into full productio a "learning curve."

## Innovation

These mills have many technical aspects which been designed into them serve the stainless steel pro tion required from Shepc The process of innovation been continued into the fi ing plant itself where stainless steel plates handled on a continuous duction line and where they round the works in an npr position so that operators work on them from both si without interrupting the flow

The introduction of compu technology has been just aspect of the striving for h productivity which has g into the Shepcote planning.

Agreement has been reac with the unions on new economic manning scales wh will compare favourably w the best Japanese practice a similar plant. The st industry internationally ten to take Japanese practice as t yardstick when it is a questi of assessing manning standar

There was no tradition large volume stainless ste making in Sheffield. Thus ho BSC and the union represen tives were able to work agreements without bei hampered by practice and tra tion. In turn that "cle sheet" approach has made easier to maximise the use computer technology.

R.F

# Stockholding role

STEEL STOCKHOLDERS play a vital role in the stainless steel trade. It is an area where stockholding has a firmer grip on the market than in many other steel trading sectors. A reasonable assessment of the market in Britain and most other western nations is that stockholders handle more than half the sales in stainless steel generally and in stainless steel plate specifically.

British Steel Stainless has a formidable marketing job ahead of it to place more than 100,000 tonnes a year of extra stainless steel output as its new plants come on stream between now and 1980. At present-day prices that represents generating new business worth more than £100m. a year.

## Task

Conscious of tha magnitude of the task, BSC has taken pains to organise the home steel stockholding market to learn to live with BSC stainless production and to be in an expansionist mood, ready to help BSC push the larga extra tonnages which hegin to flow from this year as the Shepcote finishing facilities for plate come into production followed hy the other new plant.

Up to about five years ago there were a series of individual arrangements between stockholders dealing in stainless steel and the BSC. The corporation decided to rationalise into a coherent system which, inevitably, would place great reliance npon a smaller number of stockholders.

So an inner circle of stockholders was formed. At the momeot there are six, all of whnm undertake tn purchase at least 80 per cent. of their stainless requirements from BSC. In return they are given price inducements which, on plate, represent a formal 3 per cent. improvement on BSC deals with other customers. That 3 per cent. is the publicly quoted figure, however. In pratice discounts are considerably mnre flexible as BSC actively aligns prices down against stainless steel imports to win back business to satisfy its growing oulput.

The inner six are: Alfred Simpson, Alcan Metal Centres, Bramall and Wax, Brown and Tawse, GKN Steelstock (Mulberry), and C. Walker. Alfred Simpson is itself part of BSC operating under the umbrella of British Steel Service Centres.

BSC Stainless opted for having an inner circle of stockholders in Britain because the company felt that it must have more security in the market which was more than half in in the stockholders' hands. "We felt that with our new investment we would he exposed without a new form of relationship with our stockholders," said Gordon Hill, of BSC Stainless.

The inner circle take practically their total stainless steel needs from BSC. But the other stockholders are also vital tn BSC if the Corporation is to win back sales and create new sales in the home market. Thus the Corporation is husy wooing the independents. It might he prepared to have one or twn more stockholding firms admitted to the inner circle. They would have tn be big and have a trading respectability which would sotisfy BSC's particular standards.

BSC believes that it can generate much more stainless steel husiness with all the stockholders because of the new trading opportunities it offers with the wider stainless plate and the other products coming from Shepcote and Panteg. According to BSC calculations the stockholders inevitably will he attracted by the new products, the quality standards, and flexibility in BSC pricing, to huy at home al the expense of soma imports.

Some rationalisation of the British stainless steel stockholding scene also appears to he inevitable and that would concentrate business into fewer hands which should make it easier for BSC to arrange deals designed to shut out imports.

The trouble with the present pattern of stainless steel stockholding is that the standards of service offered vary wildly. At one end of the scala there are well-capitalised companies offering complete service centres. They have lines of expensive plant to cut the steel to customers' precise needs. At the other end of the trade som small stockholders simply a as factors taking a middleman "turn" on stainless steel on l way from the BSC mills to t customer.

BSC is aiming at 75 per cen of the home stainless ste market when the new faciliti are in full production. Th compares with a market sha of 66 per cent. last year. C that total the Corporatio expects to sell 60 per cen through stockholders and 40 cent. direct to big end-u customers.

It is instructive to exami why stockholders both in Brita and abroad handle such hi percentages of the overall sta less steel business. One reas is that the lead time for sta less steel ordered direct fro BSC or Continental makers 12 weeks to 14 weeks. Indus often needs supplies of sta less much more quickly th that for rush jobs and, in pa

CONTINUED ON NEXT PAGE

# The plant project

THE £8m. investment in stainless steel plate finishing facilities is one of the three elements in the development of Shepcote as a major tonnage production site for stainless. The other two elements are the new melting plant and the cold rolling mills now being built.

But the completion now of the plate finishing facilities as the first part of the total investment has been carefully planned to cut out bottlenecks in stainless steel production and to enable BSC Stainless to widen its horizons in the market place quickly and relatively cheaply.

The new plate finishing facilities are contained in a 300-metres long building provided with an overhead walkway from which the progress of the plates, weighing up to 11 tonnes each, can be followed.

The original plate finishing facilities for plates less than 2 metres in width were commissioned by Firth Vickers Stainless Steel in 1964. The new works has been built alongside the existing rolling and finishing plant.

The impact upon BSC Stainless production of the new plate finishing has been immediate and far-reaching because, apart from balancing existing rolling capacity, it is providing facilities for finishing plates up to 3 metres in width compared with the former working limit of 2 metres. Plates of 3 metres can be heat treated, descaled and inspected on a continuous production line. The maximum plate length is 10 metres and the maximum thickness 100mm.

## Attention

The plant was commissioned in December last year on time and within the budget. As one of the aims of the Shepcote development is to achieve manning levels to international standards considerable attention has been given to the layout of the plant and to working conditions. The general impression is of a clean and bright factory involved in precision engineering rather than the traditional concept of a steelworks.

The building itself has been clad with BSC's own colour coat sheeting. It is fully insulated to conserve heat. A high level of artificial lighting is used. The crane drivers for the five electric overhead cranes can handle steel throughout the working area, and the building is so laid out that they have practically uninterrupted vision of everything that is going on on the finishing floor.

The big plates of more than two metres width are rolled at the BSC Dalzell Works, at Motherwell, from slabs made at Sheffield. The mill has been proved to be the best piece of equipment within the BSC organisation for rolling all grades of stainless up to three metres wide. After rolling the plates are sent back to the new finishing facilities at Shepcote.

From stock the plates are selected by overhead crane for the heat treatment area. This section of the new plant comprises two plata loading and cooling tables, two heat treatment furnaces and a water quench unit. Priest Furnaces, who designed and manufactured the heat treatment plant has provided natural gas-fired furnaces with operating temperatures from 800° C to 1100° C. The furnaces were selected for their suitability to soften all grades of stainless steel and to cater for long or short cycle times.

The plates, after quenching, are conveyed to a Head Wrightson nine-roll leveller which is designed for both hot and cold levelling at 15 metres a minute.

From that point on the plates are moved through the finishing facilities as part of a continuous process. They are taken by roller table to a transfer unit which handles them by vacuum pads. From there they are taken to a plasma cutting machine. Supplied by Union Carbide, the machine has two cutting heads so that both the longitudinal edges of the plate can be cut simultaneously. The cutting is done over a water tank which collects fumes and waste material. During cutting the plasma arc is surrounded by a water jacket to reduce the noise and brightness. BSC Stainless say that the method of cutting produces a clean finished edge on any thickness of plate and it is a finish particularly suitable for fabrication work.

After cutting by the plasma machine the plates are turned on edge and moved on round the plant in that position so that work and inspection can be carried out on both surfaces.

## Pickle

They pass through a shot blasting machine supplied by Spencer and Halstead, which has 12 impellors to cover both sides of the full plate width. An automatic dust collector is used.

The acid pickle wash and dry section has been built to a BSC specification which incorporates experience gained from the existing 2 metre plant at Shepcote. The plate passes through a row of acid sprays. Then they are washed with cold and hot rinses. Hot air is used for drying.

The big plates are supported by side rollers and guide bars as they pass through the descaling section to ensure that they will not be put to any form of strain leading to distortion.

Roller tables are used to take the plates down the production line after drying and they are loaded into stock by overhead crane.

The next process—and the all important one for stainless steel plates costing more than £1,000 a tonne—is the inspection and dressing to produce a fine finish and remove small defects. There are two inspection and grinding lines in parallel at the Shepcote 3 metre plant. All the equipment was supplied Wood Jenks and Co.

Plates are taken from stock in a softened and descaled form and are fed into the lines to pass down standing vertically.

Each of the inspection lines is 40 metres long and can take three full length plates at any one time. The operators work from platforms each side of the plate track. Each line has three working stations and each station has an inspector.

The operators use hand grinders to remove surface defects and pass the plates on to an unloading table for warehousing.

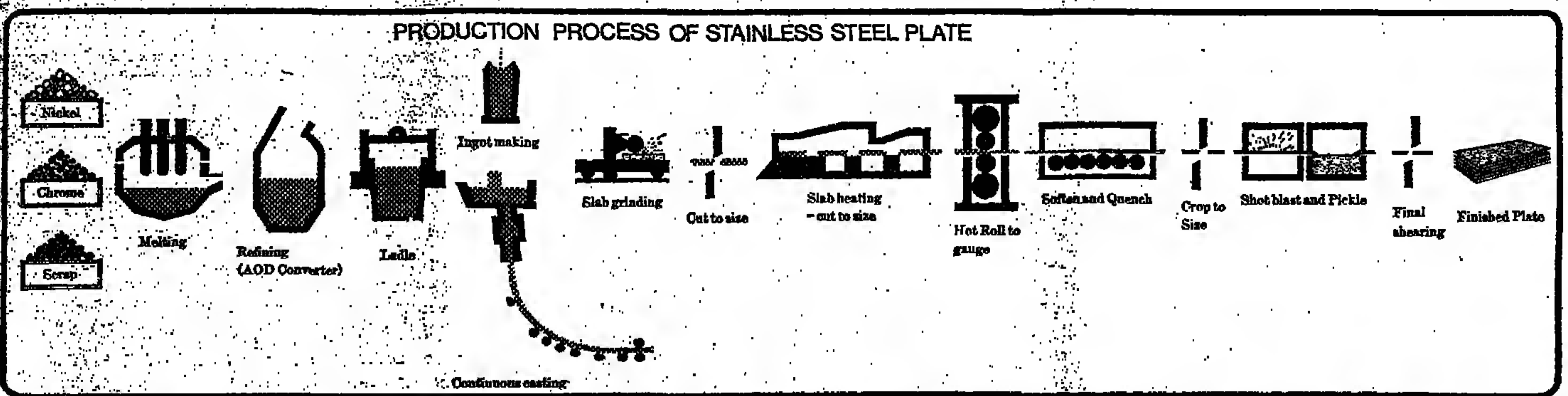
The final process is the removal of finished plates from stock and cutting to the sizes required by customers. For the final cutting a plasma cutting machine is used again. It has additional equipment in the form of a numerical controller which enables it to cut almost any shape. A library of 40 different shapes is held on tape. The operator feeds the shape dimensions into a control console and the machine does the rest. New shapes will be added as customer requirements are made known to BSC Stainless.

## Finishing

The whole of the Shepcote finishing facilities project has been engineered by BSC Stainless project staff working closely with Corporation experts in production, maintenance and productivity. Many of the employees have come from the plate finishing plant at Stocksbridge, which has been phased out. They have undergone training programmes as the works has come on stream. A complete amenities and office block has been built for the plate finishing plants to coincide with the introduction of the new 3 metre plant.

**R.H.**

*A ladle of molten metal immediately after tapping.*




# Stockholding

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ticular, for maintenance work in petro-chemicals, food processing and high quality containers used in general industry.

There is a second important reason why many industrialists prefer stockholders. When particular sizes and qualities of stainless steel are required it is much easier for a well-stocked and equipped steel service centre to provide than a stainless steel works with a complicated series of rolling programmes on hand.

In Britain, stainless flat products such as will be produced in great quantities at Panteg and Shepcote are distributed to a large number of small customers who, themselves, consume relatively small quantities individually. The really large amounts of stainless go to a small number of customers who tend to deal direct with BSC.

The stockholders supplying the small stainless customers have the advantage that they can be in regular and close contact with the BSC mills and thus can schedule their orders in the manner most effective for keeping down costs and ensuring adequate supplies to customers.

The stockholders are also in a good position to advise customers on technical matters concerned with stainless steel. They all have access to the BSC Stainless technical liaison and metallurgical services at the Swinden House laboratories, *Rotherham.*

The inner circle of six stockholders assist in maintaining an orderly British stainless steel market by holding strategic stocks of approximately 5,000 tonnes of plate and 12,000 tonnes of sheet and strip up and down the country ready to be drawn by industry as needed. Those stocks are valued at not less than £18m. at any point in time.

Finally, stockholders inter-trade among themselves in stainless steel in order to supply customers with items outside their regular product ranges. They have the facility to oil the wheels of stainless steel marketing in way that the actual producer could never match alone.

**R.H.**

# The marketing approach

THE INTERNATIONAL stainless steel trade is divided in its view about whether or not BSC Stainless can transform itself almost overnight from a modest producer to a super-star of the industry. Some of the more cynical believe that to more than double Britain's stainless steel production capacity before the end of this decade (BSC is the only British stainless producer) will turn out to be folly. But the more generally held view is that BSC Stainless will be able to sell the output of stainless from its new plants as long as the company adopts aggressive and imaginative marketing policies.

That last sentence is a somewhat dignified expression of what the trade really means. The reality is that BSC Stainless is expected to handle its huge new production capabilities by driving some stainless steel imports out of the British market and by competing ferociously in the home markets of the other important stainless producers such as West Germany, France, Japan, and the United States.

The actual production capacity of BSC Stainless at Panteg and the bigger complex being developed at Sheffield—where the finishing facilities for plate are the first piece of new "kit"—is going up from 100,000 tonnes a year to some 220,000 tonnes a year. Such a big new tonnage of stainless unleashed upon international markets is going to be sufficient to alter the existing patterns of trade.

All other stainless producers are going to have to examine their production facilities and their markets and think hard about their chances of competing against the high volume, high efficiency and relatively low cost output of BSC Stainless.

Derek Bray and Gordon Hill of BSC Stainless know they have a struggle ahead to more than double their sales. But they are comforted by the knowledge that their new plants will be money savers and will give them an extra margin of profit on every tonne of stainless produced. That saving, derived from new plant and more efficient production, can either be used to assist BSC Stainless profitability in firm markets for the product, or it can be used to cut selling prices without selling at a loss in markets where new business has to be wrested from the opposition.

One Continental stainless producer in the European Community said "I have an uncomfortable feeling when I think about that Sheffield investment that your BSC is about to unleash a tiger." He does not expect to retain all the business that he is doing at present into the British market for he does not believe that he can compete with his exports against efficient British home market production. But that is a small worry compared with the larger one also nagging him that BSC Stainless may start making inroads into his own home market.

## Threat

The threat to established markets posed by the arrival of large tonnage stainless steel production in Sheffield is being taken most seriously in Sweden. The reputation of Swedish stainless steel has been built up slowly and painfully round the world upon quality, price and availability. It is an almost wholly export-orientated trade. The Swedes export four-fifths of all the stainless steel flat products they make and that includes big sales into the British market.

Already suffering big financial losses because of the world steel recession, the Swedish industry has been reduced in some companies at least, to near-panic by the £130m. British Steel investment in stainless capacity. A recent report on the Swedish special steels industry by Dr. Tony Hagström has only been partly disclosed outside the industry, but he is known to have warned that for Sweden "the British Kr.1bn. investment in stainless is ominous." He suggests that Britain's main objective is to drive the Swedes and the French out of the British home stainless market.

The Swedish producers have been talking about mergers for a long time but have not produced concrete plans. ... their five main st[...] companies are without [...] melting shop to compare [...] the Shepcote instal[...] Clearly they have taken [...] of Dr. Hagström's warning [...] urgent action is needed. [...] big new investment in pl[...] them seems unlikely in the future. What is most lik[...] that the new BSC Stainless [...] duction will fairly [...] displace the Swedish flat [...] less steel products from [...] British market as the S[...] switch to easier sales [...] round the world.

The BSC Stainless [...] towards their other big [...] particularly the F[...] German and Jap[...] producers, are going to h[...] be subtle and flexible. [...] not be possible to win bac[...]

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# Nuclear go-ahead is vital

BRITISH STEEL has been accused of being ambitious—even reckless—in more than doubling its production of stainless steel between now and 1980 and, within that target, raising production of stainless steel plate from 30,000 tonnes a year to 55,000 tonnes a year. Critics fail to take into account the likely growth of stainless steel demand, including the giant strides forward that the market will take quite quickly if nuclear power is permitted to develop and nuclear fuel reprocessing goes ahead as a new industry.

Whereas most new applications of stainless steel plate can be measured in market growth of tens of tonnes or hundreds of tonnes a year, the prospects offered by nuclear fuel reprocessing add up to a bonanza of thousands of tonnes of stainless steel plate a year worth millions of pounds.

If British Nuclear Fuels can go ahead with its Windscale reprocessing plant at a cost of some £1bn., the sales of BSC stainless plate will be raised by at least 10 per cent. across the board. The plant will use between 4,000 and 5,000 tonnes of the plate annually for several years at a price tag of some £5m. a year. That single construction project will be able to absorb some 10 per cent. of all the stainless steel plate output from the new Shepcote installation. It will be a welcome hanker in the marketing strategy being devised to BSC to sell its doubled stainless capacity.

An odd situation has arisen in South Yorkshire where, on the one hand, British Steel is ramming home to its work force the importance of the Windscale order if continuity of work is to be provided at the new Shepcote stainless steelmaking facilities and, on the other, Mr. Arthur Scargill, the Yorkshire miners' president, is leading a group called Energy 2000 which is protesting against the development of nuclear power in Britain. BSC has resorted to plain talking to combat Mr. Scargill's campaign. Mr. Derek Bray, director of BSC Stainless says that big steel orders and job prospects for Sheffield will be threatened if an action campaign by the anti-nuclear lobby is successful. He has made clear that the whole marketing strategy of BSC Stainless hinges upon the new plant providing the 10-tonne stainless steel slabs that would be needed in a Windscale reprocessing plant together with big quantities of stainless strip and sheet.

## Approval

The needs of the projected Windscale plant have been close to the top of Government thinking throughout the planning of the new BSC Stainless production plant. Government approval was needed for the £130m. stainless steel expansion, and it was given in conjunction with Government reasoning that a nuclear reprocessing plant would require thousands of tonnes of stainless steel which it would be better to make in Britain than import.

Under a Common Market agreement, Britain, France, and West Germany have formed a company called United Reprocessors Gesellschaft (URG) for the joint marketing and distribution of the nuclear reprocessing workload. Under the agreed sequence of provision of new capacity with URG, Britain was to be the first at Windscale, followed by West Germany after some three years, followed by France. Britain was to deal with the whole of the Japanese reprocessing market of some 4,000 tonnes a year of reprocessing. That would leave the Germans and the French to cover the European market of some 6,000 tonnes a year.

Because of the delays to the British plant project, the Japanese have now agreed to put half their reprocessing with the French. BSC Stainless is concerned that the public inquiry to be held shortly into the Windscale project could delay it to such an extent that more reprocessing business would go abroad and the stainless steel orders would be lost or, at best, deferred for years. Such a development would be disruptive to BSC's marketing plans for the new stainless steel plant and would inevitably lead to the Corporation having to try to drum up more overseas business to replace the lost home orders.

Derek Bray commented, "Windscale is one of the few industrial operations where we as a nation are still considered to have high technical skill and knowledge, and where this knowledge could provide an almost immediate increase in employment and some profit to a nationalised industry. Our plate finishing development was designed with this business in mind, and once established in this field there are tremendous opportunities to increase exports."

BSC Stainless is making a special pitch at the nuclear market. One of the innovations has been to bring in a new specification for stainless steel for pressure vessels used in the construction of nuclear reactors. Apart from fuel reprocessing that is one of the big tonnage applications of stainless steel plate. The new specification, called BS 1501, is a particularly demanding one for pressure vessels and other similar plant requiring high integrity properties to meet stress under abnormal conditions and at high temperatures. Using its stockholding network of approved stockholding companies BSC Stainless has been able to make supplies of the special BS 1501 plate available nationally by encouraging several stockholders to keep supplies rather than obtaining it to special order.

Stainless steel growth in the nuclear market will thus depend upon two factors: the decision whether or not to build a big fuel reprocessing plant at Windscale with a consequent requirement of up to 5,000 tonnes of stainless plate a year for several years, and the forthcoming new programme for power generating plant in Britain.

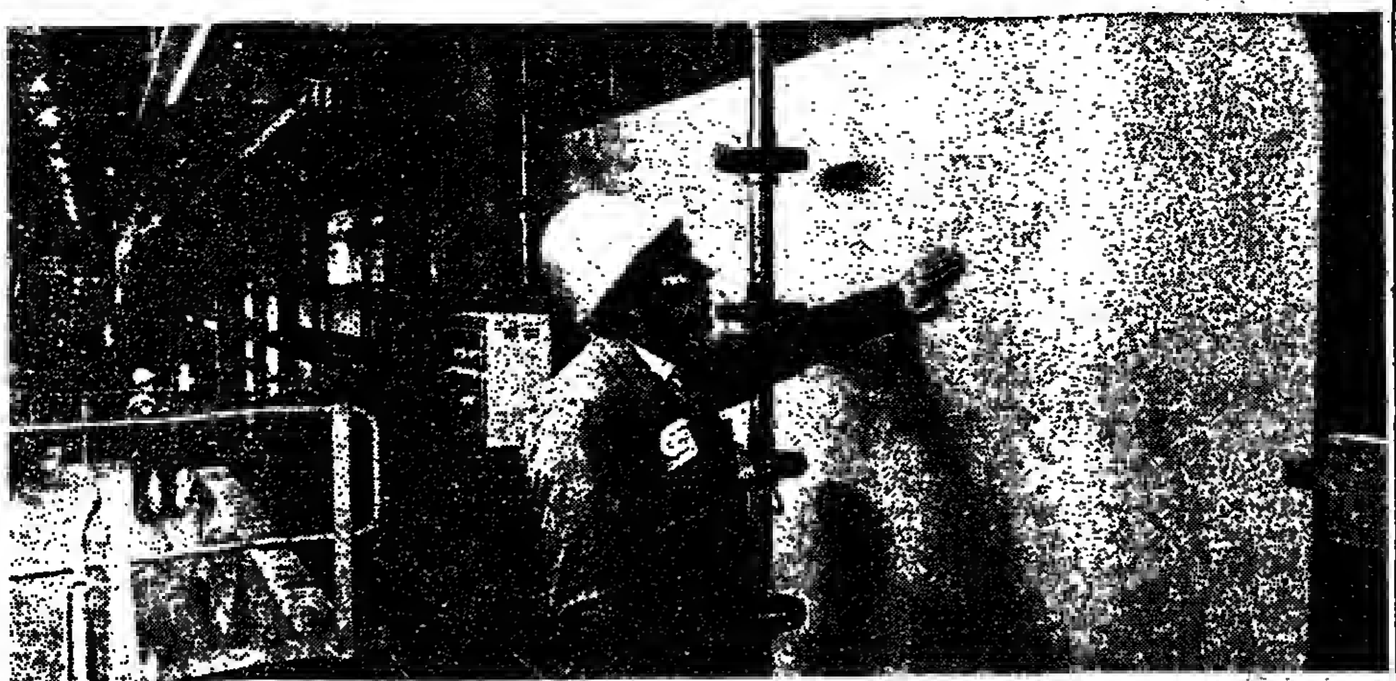
The power programme is likely to be decided this year now that Mr. Francis Tombs has taken over as chairman of the Electricity Council. He is known to be giving the question top priority, and the Government recognises that if severe unemployment in the power plant constructing shops of the north east and Scotland is to be avoided, the bones of a new forward ordering programme for power stations including nuclear power stations must be announced before long.

But the growth in electricity demand is slow compared with the 1950s and 1960s and there is over-capacity already in generating plant. The stainless steel industry can look to only modest sales for nuclear power stations for several years ahead. The difference between survival and fast growth as far as the stainless steel makers are concerned will be found in the forthcoming decision about the proposed Windscale fuel reprocessing plant.

R.H.

## STAINLESS STEEL AT SHEPCOTE V

# Few labour troubles



*Inspection of stainless steel plate in the Shepcote finishing plant.*

THE CLOSURE of an obsolete stainless plate mill by the British Steel Corporation in 1972, and the subsequent closure of all finishing facilities and transfer of production to a new three-metre plant 14 miles away, could have been charged with local political content in south Yorkshire.

The fact that both took place without a single day's production lost through industrial relations problems is a tribute to the painstaking planning that went into the operation, and to local relationships between the corporation and the main steel union, the Iron and Steel Trades Confederation.

Unlike the position in some steel areas, the labour relations record throughout South Yorkshire is good, possibly due to some extent to the years of steel tradition now inherent in the area. Nevertheless, it is still bedevilled with purely parochial sensitivities, some a hangover from pre-nationalisation activity, others due to the stubborn insularity which marks so many Northern industrial communities.

The obsolete plate mill was at Stocksbridge, a traditional home of stainless steel, and a valley town in the Pennine foothills which can only offer the local steel plant as a raison for existence. More reminiscent, perhaps, of a valley town in South Wales.

## Closure

Experience indicated that a closure here would have to be handled on a softly-softly basis, and consultations finally to close the department began in 1975, when the 115 employees knew the life of their plant was limited. Even at this stage, it was clearly indicated that jobs would be available at the new plate mill, and a joint trade union / management panel set about detailed counselling with every Stocksbridge mill employee discussing plans for future employment.

To London commuters, a job move of 14 miles is of little consequence. In South Yorkshire, where village and town loyalties and foibles persist in fierce fashion it is a major move. Traditionally, one lives in the shadow of the works. Commuting to and from work is not the dominant pattern of life.

So it proved in this case. To a fairly significant chunk of the Stocksbridge workforce, moving to the new mill was unthinkable. Many chose to stay in Stocksbridge, and accepted redeployment to other sections of the BSC works there. But the corporation did persuade some men to move. Many of these lived almost as close to the new mill as they did to the old. Others quickly summed up the scope and prospect of a world standard development. In the end, 22 of the 115 original Stocksbridge employees transferred to the new Shepcote Lane mill; a success rate that is quite respectable by local standards.

Parallel to this run-down programme, a build-up to production at the new mill was operating. Manning levels were obviously important, and in addition to work study information a joint union/management group examined a plant model to glean the maximum information for manning negotiations.

Considerable attention was also paid to shop floor advice and assistance even in the design stage of the new mill, a technique which has already provided handsome bonuses for BSC in South Yorkshire at the world-beating Thrybergh bar mill. A cross-section of operatives were asked at a very early stage to comment on and criticise design features of the mill developments. In particular, they were asked for ideas on the layout of control panels. Any that seemed worthwhile were immediately implemented—with suitable recognition to the source.

Training programmes were already under way, involving not just manual workers and their immediate supervisors, but also management in order to familiarise them with future techniques and systems. Some retraining was also necessary for men moving from an obsolete mill to a brand new development, but this was not a major factor as the basic skills of plate production give a sound basis on which to work.

Eventual agreed manning levels are considered low by world standards, and the emphasis has been placed on feasibility and operator initiative which can encourage job satisfaction. This can in itself bring long-term rewards in the battle for higher productivity.

Meanwhile, the patience and care with which BSC handled the closure of the old Stocksbridge mill was also paying off. The exercise was completed, again without labour unrest and without compulsory redundancies, workers who chose not to move to Shepcote Lane were either placed in suitable jobs in the remainder of the Stocksbridge works or allowed early retirement terms if sought. A transfer rate of around 20 per cent may not seem high, but bearing in mind local attitudes and the amount of skills made available to the new mill, BSC and union officials are more than satisfied with the fruits of the operation.

Now the Shepcote Lane mill is in production, a new phase of the operation is beginning, the job of creating an identity for the mill, which will bring works loyalty in its wake.

## Opening

This week sees the formal opening of the mill, when Press, television and numerous VIPs will get their first official look at BSC stainless plate developments. Following them round on the tour of the mill, a day later, will be the wives and families of workers, from senior manager level downwards. In the provision of amenities, BSC have gone out of their way to provide the best possible changing and eating facilities. Using of course, the maximum amount of stainless steel, both a reminder of where some of the output goes and as a permanent advertisement to visitors.

In national terms, the whole exercise was hardly noticeable. Yet it offered BSC and the ISTC a considerable local challenge, involving a whole range of real—and imagined—factors.

Personnel manager Mr. Peter Thompson illustrates the success of the operation by pointing to both manning and production levels during the changeover.

In April, 1976, the Stocksbridge mill, and existing stainless plate facilities at Shepcote Lane were producing 450 tonnes of plate per week with a combined total of 360 employees of whom 59 were craftsmen. Today, with Stocksbridge closed, the enlarged and modernised Shepcote Lane mill is producing 600 tonnes of plate per week with 318 workers, of whom 44 are craftsmen. By late summer, output will be much nearer the potential of 1,000 tonnes per week, but the labour force will have risen by just 12 operatives and eight craftsmen.

Production will have more than doubled, but total employment will have dropped by 22. Local the exercise may have been, but the implications to both unions and management throughout the steel industry are not inconsiderable.

Roger West

# Marketing

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bome markets from the stainless products of those countries by relying upon pricing, delivery and quality alone. All three producers have built up good reputations with a number of British customers who will be reluctant to sever the connections.

BSC Stainless expects to make a marketing investment for the future by financially backing new export sales into those countries' home markets. The technique is one of protecting your bome market by making "retaliatory exports" into your competitors' markets. Such a practice would be no more aggressive than the selling techniques at present considered standard and reasonable in steel trading round the world. But the fact that Britain will be doing it for the first time with the obvious intention of finding a market for a lot of new stainless steel capacity is sure to cause an outcry. After all the European Community is at present concerned with the Davignon plan to help the Community steel industry by trimming surplus capacity.

BSC Stainless will have to tread carefully in its foreign adventures to void charges of dumping its extra production of stainless. Several countries would be quick to pounce, given the evidence, following recent British Government anti-dumping action against some Spanish and Japanese steels.

But the British steel industry also has a special case for developing its stainless steel production. The industry's trading position declined badly from being a leading world supplier to eighth place in the world league during the post-war years. The reasons for that decline included a slow growth in British consumption of stainless steel compared with most other producing countries, failure by the British steelmakers to exploit their opportunities, failure to invest in new equipment and failure to supply the home stockholders who turned to imports. In short, the home industry had considerable failings as far as stainless steel was concerned.

BSC has argued in the Community—and the view has been accepted—that the new capacity now being built represents remedial action to win back the industry's lost home sales rather than any aggressive action by BSC to clean up in world markets.

As far as the stainless steel plate market is concerned the figures are not in dispute. Stainless steel plate imports into Britain have been as high as 30 per cent. The new finishing facilities now on stream at Shepcote will, BSC expects, enable that figure to be reduced to 25 per cent. The Corporation does not have aspirations to shut out imports entirely in that sector of the market. But the new capacity in plate will also mean that by 1980-81 BSC will have to be exporting nearly 50 per cent of its plate production. It is that prospect which hurts the international trade.

R.H.



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# STAINLESS STEEL AT SHEPCOTE VI

# The profit centre

BSC STAINLESS was one of the new profit centres which emerged from the 1976 organisation reshuffle within the British Steel Corporation. But the overall shape of the centre was really devised four years earlier when BSC took control of the Shepcote Lane mills in Sheffield, formerly controlled jointly with the private sector Firth Brown group.

Even before the formal launch of the profit centre, the stainless works were already operating to a large extent as a semi-autonomous unit within the BSC Special Steels Division.

The agreement with Firth Brown was traumatic for Sheffield as it provoked the crisis over the future of the BSC River Don works. But once this was resolved, the Corporation had its own prize; virtually complete control of Britain's stainless steel flat products. A couple of private sector producers still nibble at the edges of this empire, but for practical purposes, BSC Stainless nowadays is stainless sheet and plate in the U.K.

Apart from the hardware, BSC could concentrate the considerable manpower skills of two former rivals in the stainless market, its own former Samuel Fox works at Stocksbridge, still remembered for the brilliant Silver Fox marketing campaign in the early days of stainless, and the Firth Vickers mills, where a rival campaign had built up the Staybrite trademark to considerable proportions.

Bringing the two together gave the Corporation a natural springboard, especially when they could be linked with the outpost of the centre, the Panteg works in South Wales, which fulfils an important function as an alternative production unit for stainless flat products.

Perhaps it is a little early to pass judgment on the whole of the 1976 BSC reorganisation, but in the case of BSC Stainless the concept has certainly worked. It is, as the original rationale suggested, a discrete business identity within the Corporation. Now, it has the freedom to act much more like a largely self-contained subsidiary of any major industrial group.

## Emphasis

From the start, the emphasis within BSC Stainless has been on bulk production; the concentration of steelmaking, mills and finishing at the Tinsley Park/Sheepcote Lane site, with its ideal motorway connections and rail links, supported by Panteg as a back up unit. The self-contained concept may be rather blurred by having such a support unit 200 miles away, but to BSC planners, and to customers, the idea of reserve eggs in a totally detached basket is one with its own appeal.

The launch of the new plate facilities in Sheffield is the first step forward in the ambitious plan for growth which, by 1981, will have more than doubled the BSC stainless steel capacity, and restored the position of the Corporation as a major world producer of stainless steel.

But the development was planned from the start as much more than a simple arithmetical increase in capacity. For the first time in a major BSC development, a whole marketing programme was built-in. If large tonnages of stainless steel were to become available, then work had to start years in advance in encouraging and even creating a market for such steel.

Stainless steel is a relatively new product. It was in 1921 that Harry Brearley first saw the possibilities of the new material for making knives. Its uses have long outstripped cutlery. Now, its corrosion resistant qualities have made it a vital material for advanced work right across the industrial spectrum.

These developments have had to come from industry as a whole, but BSC and its predecessors have always provided a technical back-up and advice service far more sophisticated than that offered, or even necessary, for more mundane steels. The new development concentrates this back-up support and extends it even further.

Nevertheless, such functions can still be organised within BSC Stainless. The experts the customer and user want are identifiable faces within a compact group, not cyphers somewhere in a corner of a rambling empire.

The commercial manager, Mr. Gordon Hill, is both satisfied and encouraged at the way the profit centre concept has worked for BSC Stainless, particularly in this vital field of customer contact in day to day operations. Obviously, there are still fields in which they have to co-ordinate activities with other BSC groups and divisions. "The area where there clearly has to be the maximum amount of co-ordination is, of course, in personnel. It really would not make much sense if BSC Stainless went off and did its own thing if it had the most ghastly side effects to another BSC operation just down the road."

Finance, too, cannot be left entirely to local whims. "The people who hold the purse strings, whether it is in a private company or in BSC, want to know, like any merchant banker would, that they are going to get a return on their investment. So we cant just ask for £130m. and at the same time say 'Shut up, don't ask me any questions'."

## Simple

"But for the rest, we work as any profit centre does in any industry. Our director reports to the managing director of Sheffield Division, and we have our equivalent of a local board meeting every month. Four times a year we meet with the managing director. "We are very pleased with the way it is working. In many ways it is the simple thing—putting the experts in one place and letting them get on with it."

Mr. Hill does not see major problems in having a small section of the centre in South Wales, with the possible exception of the time spent travelling between the two. "But the fact that you have two plants, both producing cold-rolled stainless is a benefit. There is this thing called competition, and they are not exactly slouchers in South Wales and the two sites do strike sparks off each other, and learn something."

An obvious example of this is the way that Panteg de-bugged and developed the use of a continuous casting machine in stainless steel production, something which now forms an important part of the new Sheffield development. It will be the first such machine in South Yorkshire, but the availability of the Panteg unit for training and familiarisation has been valuable.

"But the important thin[g to] consider in all this is the [way] the reorganisation affects customers. This is an abs[olute] joy for us. It is so easy to [draw] a parallel between the way [we] now work, and the way a pr[ivate] company works. When a p[oten]tial buyer comes to see us, [we] can point immediately to [the] man in charge of productio[n,] personnel or engineering. [In] one room he can meet all [the] people he may need," said [Mr.] Hill.

The fact that BSC Stain[less] was gradually veering tow[ards] this independent style of op[era]tion even before the reorga[nisa]tion has brought another b[ene]fit. For the customer there [was] not abrupt change when [the] new system came in. No [re]arranged telephone number[s or] departments, just a smo[oth] continuation. "We said to [our] customers that they ought no[t to] notice the difference. I'm g[lad] to say they did not."

For all the smoothness, [the] ease of operation, there is [no] complacency at BSC Stainl[ess.] They know they have a hard [road] ahead, now the new plant [is] coming on stream. Despite [an] average growth rate of 8 [per] cent. a year, stainless steel [pro]duction in Britain has failed [to] keep pace with that in the r[est] of the world. In 1955, Brit[ain] was the second biggest [pro]ducer.

By 1961, we had fallen [to] fifth place in the world leag[ue] as Sweden, France, Germa[ny] and Japan leapfrogged ahe[ad.] By 1972, Britain had slip[ped] back still further, to eig[hth] place, with Italy and Can[ada] overtaking.

BSC has admitted that U[.K.] investment in stainless steel w[as] too little, and too late. Clear[ly] something had to be done, a[nd] the answer was the prese[nt] development scheme. Now, t[he] Corporation has to prove it c[an] produce the steel and sell [it.] And, if the market is not dev[el]oping fast enough, create [the] demand.

R.W.

# Boost from chemicals

THERE IS little doubt that an upturn is already under way in many parts of Britain's process plant industry. A survey of the chemical industry has already revealed a 17 per cent. increase in investment intentions in 1977.

This figure is in volume terms. In current money terms it represents a 33 per cent. increase on the level attained in 1976, which itself indicated a moderate, but sustained rise in real terms over the previous three years.

Actual expenditure in 1977 is estimated at £900m. and this is expected to increase further in 1978 and 1979 in both volume and current money terms. A level of £1.27bn. is predicted for 1979.

Over the next three years, total fixed capital expenditure is likely to be £3.3bn., and when allowance is made for additional working capital requirements, the total funds needed by the chemical industry to finance its expansion over the next three years, to the end of 1979, will amount to around £5.1bn.

So the importance of this market to the British Steel Corporation cannot be overemphasised. Already, the process plant industries as a group take perhaps 85 per cent. of Britain's stainless steel.

But in recent years, BSC output of stainless plate has been restricted, and obviously, foreign manufacturers did not let the opportunity pass.

Over the last decade or so, U.K. produced stainless steel plate has seen its market share decline slowly. Not to the extent that the home stainless sheet industry has suffered, certainly, but still a decline, to a low point of around 50 per cent. of the market in the early 70s.

The figure has improved since, but with new plate production facilities now on stream, the Corporation has mounted an aggressive, and well backed campaign to substantially increase plate sales, perhaps taking more than 80 per cent. of the U.K. market over the next few years.

The range of equipment in process plant which consumes stainless plate is wide, headed perhaps by equipment like heat exchangers, tanks, and, inevitably, pipes, tubes and fittings. But identifying the market is one thing. Attacking it, at the right point, is another.

In effect, it is a three-tier market, with the steel producers and stockholders at one end, with the end users, such as the chemical producers, at the other.

The important section is the middle tier. In the chemical industry, orders for new plant are placed with contractors, who in turn put these out to plant fabricators.

Contractors, usually companies with international reputations, design the plant and specify the materials. They then seek tenders from fabricators, who buy the steel. BSC are not neglecting the contractors themselves, although the fabricators are obviously the main sales target.

## Effort

Considerable effort is being made to see that BSC have a grade of stainless plate which the contractors can specify, even to the extent of stamping the design drawings BSC Stainless. This is, of course, the ideal. In practice, BSC may have to deal with a range of fabricators, all seeking a plant contract. At this stage, there can be no preferences; all the contractors get the same quote from BSC. This ensures that it is the efficiency of the winning fabricator which is the important factor.

As more tonnage of stainless plate becomes available, BSC is looking further afield, using the information flow from contractors to tackle fabricators well outside the normal U.K. network.

Food and drink processing industries have been enjoying a relative boom over the past couple of years, and this is expected to continue for perhaps another two years before the cycle exhausts itself.

Chemicals have virtually been in a slump for some time, but BSC personnel have already noted tangible signs of real interest above all the investment noise. There is now every indication that the sharp increase in enquiries, both from the U.K. and the Continent over the past three months signify an imminent take-off for the plant industry.

In world league steel to-day, a company has to learn to live with cycles. Competitiveness is now the keyword. If you build up sales, it is at the expense of another producer. And, of course, new markets are appearing, particularly in the Eastern bloc.

These, which BSC have had to virtually withdraw from in recent years, do not follow Western cycles. No matter how skilful a marketing plan is evolved, it cannot cope with an abrupt answer from, say, the Chinese authorities, which simply states: "Our fabricators are not buying."

As a world commodity, stainless steel plate should be viewed in world terms. Although to BSC, having an extra 20,000 tonnes of plate to sell is a major marketing opportunity, in terms of world production it is not going to create a tidal wave. After all, the Chinese buy 6,000 tonnes in a single order.

And, of course, the market for stainless plate is growing, and extending beyond high technology process plant industries where its obvious appeal for hygiene, or corrosion resistance has been known for years.

Maintenance and life of equipment is becoming an increasingly important factor. The question becomes whether in budget for a ten year life, with substantially reduced maintenance requirements, or a two year life before replacement.

Many areas of industry are now paying particular attention to the benefits of stainless plate in these terms. For instance, where you have an inevitable obsolescence factor—in desalination for instance—the life of equipment in mild steel may be two years.

A switch to rubber clad mild steel brought an improvement—a life of say four years. But the switch to stainless plate brought substantial benefits, with a life of perhaps ten years.

The search for a middle way has also proved difficult. Welding presents extensive problems in the use of stainless steel-clad mild steel, even more in PVC coated steel.

So from the viewpoint of the project engineer, stainless plate has advantages that go beyond initial cost. Hygiene and resistance is now taken for granted; maintenance is becoming important, and fabricating techniques are known, and predictable.

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# The Management Page

Two industrialists add their voices to the current debate on the implications of the Morpeth Report on inflation accounting.

## Need for early action rather than theories

BY BARNEY K. MORLEY

SANDILANDS dug the footings. Morpeth has laid the foundations. However, the debate continues as to what it is we are trying to build with current cost accounting. Conceptually, the requirement is simple — a system to account for the effects of inflation. The fact that the simple concept gives way to the complex alternatives now being debated reflects differing detailed requirements and viewpoints.

The shareholder, management, investors, brokers, employees and other interested parties will all have their particular slant. Certainly the current cost accounting (CCA) proposals have special implications for the international company and I shall deal with this later.

In this situation, it soon becomes obvious that it is impossible to produce one system to meet all requirements. The only practicable solution is to ensure that all relevant information is available in order that the differing requirements can be met. Real beneficial evolvement of CCA will only now come from experience through implementation, rather than theoretical debate which means starting where we have agreement. The controversial items can be resolved over time.

### Deficiency

There is however, one area where a common requirement ought to exist. It relates to the basic deficiency of historic cost accounting, under which profits are calculated without taking full recognition of the going concern criteria. There can be no meaning to a profit figure which fails to take account of the cost required to remain in business. Unlike CCA, historic cost accounting fails to do this and it must be a fundamental requirement of any inflation accounting system.

Just as there cannot be any one system to handle inflation accounting so there are some other fallacies worth mentioning. Reference is often made to the fact that CCA will replace historic cost accounting which has been a good servant for a number of centuries and is even now not all bad. Many of its characteristics have provided, and will continue to provide, significant advantages for the control of business. But in the environment of to-day and the future, *certain deficiencies* do exist. CCA can provide the solutions to these deficiences and will therefore be complementary to, rather than replace, historic cost accounting.

Second, some people will argue that any inflation accounting system should be capable of being understood by the layman. This is unrealistic. Historic cost accounting is complicated in itself and requires experience and expertise to be applied properly. Developments to meet the requirements of a more complex change in business environment are bound to be complex in themselves, requiring even greater experience and expertise.

Third, statements have been made that no company can be run effectively without introducing CCA concepts into its accounting structure. In fact, for a number of years many companies have been maintaining their books of account on an historic cost basis but have been using CCA concepts in their management reviews. Why then the pressure to build CCA into the accounting system? The answer is that, while some companies have indeed run their business effectively, too many have made incorrect decisions through failing to take account of CCA factors. For the protection of all interested parties, such disciplines are needed.

In addition, it is human nature to place confidence in that with which you are familiar and to resist change. The "but we've always done it that way" syndrome is dangerous, particularly when other factors, in this case the external environment, renders "that way" obsolete. People need educating on the effects of inflation and what better way to do it than through the accounting system, the base measurement for the effectiveness of business, which is the foundation of an economically stable society.

One final fallacy is that CCA is just another accounting standard. The accountants' tree has spread numerous branches in recent years, through the publication of standards. CCA is, however, not a branch. It is a root system which has to be grafted on to the existing roots to prevent the tree from dying and it is on this specific point that I would like to consider the implications for the international company.

### Implications

Whether you are a U.K. registered international company with subsidiaries overseas or a U.K. subsidiary of a foreign parent company, the implications of CCA for both the parent and the subsidiary companies are of major significance. While I would strongly advocate the implementation of CCA, the advantages to be derived from its implementation will be lost and replaced by widespread confusion unless consistent basic standards are developed for all major industrial countries. This necessitates international co-ordination and responsibility.

Basically, an international subsidiary or parent company maintains its accounts to achieve two objectives. Namely, to provide relevant information in order effectively to control the business, and to meet the statutory requirements of the country in which the company is registered. Currently a number of countries, and groups of countries, are actively reviewing or implementing changes to their statutory reporting requirements. Significant among these are the U.S., the U.K. and the EEC. At first sight, the developments may look similar. For example, the Securities Exchange Commission (SEC) requirement in the U.S. specifies replacement cost accounting which sounds very similar to our own CCA.

Conceptually, of course, it is the same, but a quick review will soon highlight some significant differences. For example, the SEC requirement specifies that the figures do not need to be audited, that best estimates or ranges are acceptable, and that the information is required only as notes to the accounts. This is the complete opposite to the CCA proposal in the U.K. To date, the London Stock Exchange has stated that it will not require foreign companies whose shares are quoted on the Exchange to comply with the CCA standard. Thus, in years to come you would have major quoted companies publishing their results on completely different bases. I cannot believe that this would be tolerated for long.

It is not illogical that in time the management accounting requirements used to control the company's business tend to be influenced by the statutory reporting requirements, if only because it is on this latter basis that the shareholders are able to assess the fortunes of their companies. All of this leads towards considerable potential confusion, involving unproductive workload. Will the international company have to maintain multiple sets of books? Will the U.K. subsidiary of an American parent company have to maintain a set of books to meet the local U.K. statutory requirements, another set to meet the consolidated requirements of the parent company, yet another set to meet its international management accounting requirements, and a further set to meet the EEC statutory requirements?

There are further similar implications culminating in the extreme situation whereby a parent company might have to choose between withdrawing its share quotation on an overseas market and maintaining yet another set of books in order to comply with the local requirements of that overseas share market. While the latter extreme is improbable, the other situations are very real possibilities and not enough is being done to prevent them happening.

This raises the question of who is responsible for co-ordinating a common international approach to inflation accounting. Certainly, industry itself should seek to influence developments through its parent companies, its subsidiaries and its trade associations. This, however, is not enough. Bearing in mind that inflation accounting development goes to the very roots of the accountants "tree," it is unlikely the professional accounting bodies will wish to abdicate this responsibility. If they do, their tree will wither.

In summary, I congratulate Sandilands and Morpeth and all concerned in their proposals, which represent a major step forward. Inflation accounting will evolve. Let us be sure that we have consistent international participation yielding real benefits rather than fragmented evolution yielding confusion.

*Mr. Morley is chief accountant, IBM United Kingdom Ltd.*

## Problems of contracts and work in progress

BY W. OPPENHEIMER

THE introduction of a generally acceptable system of inflation accounting is urgently needed and the Morpeth Report's ED.18 is a valuable contribution to the solution of the problem. However for companies engaged on medium- and long-term contracts, the proposed treatment of contract work-in-progress is unsatisfactory.

In ED.18, work-in-progress has been classified as a monetary item, instead of being treated as a special item which has its own characteristics. In consequence, a number of unsatisfactory results arise.

In the first place contracting companies will not be required to maintain at current value what in many cases is their largest asset. In the case of Westland Aircraft, gross work-in-progress in the last published balance sheet equalled 140 per cent. of net operating assets, and work-in-progress net of progress payments was 53 per cent. of net operating assets.

Secondly, contracting companies frequently produce similar goods both for contracts and for stock. For instance, Westland produces many identical components for helicopters and spares contracts and also, at its own risk, as spares for stock. The latter are then ordered by customers at varying dates, frequently before manufacture is complete. ED.18 demands that components manufactured as a batch at the same time are costed differently, depending on the dates when contracts are received. This makes neither accounting nor economic sense.

### Reasonable

The Government is in favour of inflation accounting, and it is therefore reasonable to assume that it will accept current cost accounting as defined in the accounting standard for costing purposes. Suppliers of goods subject to the price code are already permitted to cover some inflation costs in their price make-up, and may well be permitted to use CCA for all costing purposes in due course. Yet if non-competitive Government contracts, which are not allowed to cover inflation costs in their price make up, are costed at historic cost, such cost will not include anything to cover inflation of labour, material and overheads during the life of the contract.

This means that contractors again will be in a serious disadvantage.

If, as expected, taxation will in due course be based on current cost profits but will not be payable on holding gains, then it would be unfair as well as very damaging for companies having a large volume of contract work-in-progress to be taxed on a higher basis than other industrial companies.

Finally it should be pointed out that the financial results of companies with significant contract work-in-progress will not provide a basis for proper comparison with the rest of industry.

The problems created by contract work-in-progress arise from the fact that many contracts last for long periods—most of them more than one year and many for several years. One of the alternative ways of dealing with these problems would be for all costs incurred on contract work-in-progress during such periods to be restated at the cost current at the date of delivery. If this were done holding gains would become very large and operating profits would be either minimal or non-existent. Such a result would only be correct if no progress payments were made by the customer, which is rarely the case.

Yet if progress payments were deducted from the relevant costs, a true profit would emerge. No holding gains would be needed to make inflation-proof the customer's payments, nor should he be expected to inflation-proof the contractor's costs he has already reimbursed. It therefore seems logical that contract work-in-progress should be treated like all other stock, save that progress payments due specifically on account of contracts should be deducted from the relevant expenditure and only the net costs be the subject of a cost of sales adjustment and revaluation.

It is generally accepted that current cost accounting must be part of a company's day-to-day management information system. If not, it is in danger of being regarded as theoretical by the non-accountant members of the management team and will create a division between the accountants and their colleagues. To explain to engineers that the goods they make are monetary items is difficult enough but to convince them that a batch of identical parts made the same way at the same time will cost significantly different sums is an impossibility, and it is impossible because it is not true.

On the other hand a requirement to inflation-proof the net investment in work-in-progress—that part financed by the company—will be readily understood and accepted by all concerned. This is because a cost of sales adjustment applied to these costs will truly reflect that part of the current costs which the company itself must bear.

### Difficulty

The difficulty of agreeing a satisfactory treatment of contract work-in-progress has been caused by the rigid division of assets into monetary and non-monetary items, which in turn, has been brought about by an unsatisfactory meaning attached to the word "profit." This could be remedied by a requirement that companies should inflation-proof their equity. Companies should allocate to revaluation reserve sufficient money to maintain at current values that percentage of their net operating assets which is financed by the shareholders.

To do this, it is necessary to calculate what is needed to maintain at current value all the company's operating assets. For fixed assets and stocks this can be done in accordance with ED.18, but contract work-in-progress net of progress payments should be treated like other stocks.

Debtors, creditors and cash should be shown in the balance sheet at face value, but for the purpose of calculating what is needed to maintain the company's equity, it is necessary to calculate the changes in value of these monetary items which are necessitated by inflation (or deflation). If inflation causes sales and purchases to rise in monetary terms, then a company will have to allow for increases in debtors and creditors, and if it is necessary to maintain cash balances for trading purposes, the same applies to that asset.

The necessary sums required for debtors and creditors can readily be calculated by applying to the face value of these items indices specific to the transactions which give rise to these assets and liabilities. It is not proposed that these adjustments in respect of debtors, creditors and cash be reflected in the balance sheet; they are merely used to determine the sums needed to maintain the equity.

The following calculation illustrates the point: if holding gains needed to maintain all operating assets amount to £8m., and if equity represents 70 per cent. of operating assets, then 70 per cent. of £8m. is needed to maintain equity, which equals £5.6m. If holding gains as per ED.18 are deducted at £5m., a £600,000 shortfall of holding gains to be charged against operating profit is left.

In the example, £5.6m. is needed to maintain the equity, the double entry being a credit to revaluation reserve. If the directors wish to debit or credit different sums to revaluation reserve, this should be done below the line and they should be required to explain the difference and give their reasons for it. For instance, they may wish to allow for changes caused by anticipated increases or reductions of the volume of the company's business. It is important that any such different treatment is sufficiently factual to enable auditors to accept it.

The proposals made here are designed to require managers to maintain the real value of the equity and demonstrate their ability to do so; to ensure that accounts show a true operating profit; to provide a basis for considering the right gearing for a business and to avoid the use of vague terms such as "the substance of a business" which cannot be defined.

They are also meant to eliminate the need to compare balance sheet values with the current value of money, as based on the retail price index. This comparison is of little relevance to shareholders who wish to compare the price paid for shares with their present value. Finally, the suggestions outlined should enable accounts to be audited by reducing the directors' discretion about transfers to or from appropriation account.

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THE FINANCIAL TIMES
(Established 1888)
Incorporating THE FINANCIAL NEWS
(Established 1884)
Head Office Editorial & Advertisement Offices:
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telephone Day & Night: 01-248 8000. Telegrams: Finantimo, London
Telex: Editorial 886341/2, 883897 - Advertising: 885033
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TUESDAY, APRIL 26, 1977

# Following the trend

THOUGH ONE of them considered the possibility of cutting by a full 1 per cent., the Big Four banks in the event all cut their base rates yesterday by the same figure of ½ per cent. This will mean that small and medium depositors earn slightly less on their money and that borrowers on overdraft pay slightly less, but the move was so expected a reaction to the latest fall in Treasury bill rate and Minimum Lending Rate that it caused little excitement. In fact, as the senior general manager of Barclays recently pointed out, the changing pattern of bank deposits has reduced the importance of base rate as an indicator.

Current accounts have gradually been falling as a proportion of the total, with the public becoming more interest-rate conscious, while the rising cost of servicing these accounts has made them a considerably less cheap source of funds than before. Small, ordinary deposits are relatively stable, but provide little more than half of all ordinary interest-bearing deposits: for the remainder, the banks are dependent on wholesale deposits, which are relatively mobile and highly sensitive to the movement of short-term interest rates. This is one reason—the political difficulty of raising charges is another—why the gap between deposit rate and base rate is so very much larger than it was in the past.

### *Base rates*

Since on the one hand, therefore, the relationship between base rates and ordinary (let alone wholesale) deposit rates is no longer rigid and since, on the other, the relationship between base rates and the overdraft rates actually charged to different categories of borrower has been growing steadily more flexible, the actual significance of a movement in base rates is hard to gauge and will differ from one occasion to another. It is not, indeed, irrelevant to ask whether the very idea of base rates is much more than a survival from an earlier era of credit control and whether the banks would not do better to move to a different formula which represents more accurately the competitive facts of the present system.

It must be remembered, however, that competition between the banks themselves is effectively suspended for the time being by the operation of the "corset" on the permissible growth of their interest-bearing eligible liabilities. This corset was imposed temporarily as a means of helping to get the growth of the money supply forcibly under control. The authorities have been so successful in controlling its growth, however, that the corset is inoperative as well as ineffective. If that in itself were not enough reason for abolishing it, the desirability of restoring competition between the banks should tip the balance. And the sooner they are competing, the sooner they are likely both to move their base rates by differing amounts and to move away from the concept altogether.

### *Hot money*

They must still, of course, compete strongly for deposits with non-bank institutions like building societies. The flow of funds into the latter has recovered strongly this month—it now seems clear that it was affected earlier by a last-minute rush for an attractive issue of Savings Certificates—and the size of the gap between the deposit rates now offered by building societies and the banks makes it inherently likely that the former will be cut again before long. On the other hand, a change of rates is a longer-term and more administratively cumbersome exercise for the building societies than for the banks. It is true that Minimum Lending Rate came down again last week, despite general talk of a levelling-out, and that another cut of ½ per cent. this week is not out of the question. But given the amount of hot foreign money that is probably invested in this country at present and could disappear quickly as soon as events gave any reason for losing confidence in sterling, the scope for further reductions may be limited.

# Need to lengthen town hall debt

THE LATEST aspect of the way in which local councils finance their operations to have aroused official concern is the growing extent to which they have been relying upon loans of relatively short duration to pay for their capital spending. The last occasion on which this particular issue arose was in the early 1960s when the authorities decided to introduce a statutory limit on local councils' use of temporary borrowing which, by convention, is regarded as loans taken out for periods of less than one year. Since then this form of borrowing has been restricted to 20 per cent. of a council's total outstanding debt or, if higher, 1½ times its previous year's capital expenditure. The regulations, however, allow loans taken out for longer periods which are due to mature within a year to continue to be counted as long-term debt. Local councils were also left free to exercise their own judgment as to the periods over which they borrowed longer term money.

### *Re-financings*

Normally, loans are cheaper the shorter their initial maturity. So, not unnaturally, local authorities have tended to take advantage of the freedom conferred on them by the present rule book to borrow relatively short at a time of high and rapidly changing interest rates. But the scale on which they have been doing so has now become very considerable. Since the early 1970s the average initial maturity of their new long-term borrowings has been almost halved to 3-4 years. This has led to a substantial increase in the proportion of total outstanding local authority debt, including temporary borrowings, which has less than a year to go before it needs to be re-financed. According to the Layfield committee on local government finance, the proportion of total debt with a residual maturity of less than a year rose from 28 per cent. in 1968 to 45 per cent. in 1975 and the ratio is probably no lower to-day.

For the local councils themselves, this scale of re-financing together with new loans to finance projects currently in hand has had the effect of greatly increasing the overall rate of interest they have had to pay on their total debt. They are of course in a correspondingly better position to take advantage of market trends as and when rates ease. Last year was perhaps exceptional in that local councils were cutting back budgets sharply. Nevertheless, no less than 85 per cent. of their gross long-term borrowings were for re-financing purposes. Although there can be no question of a New York situation occurring here, any development which may bring into question the ability of public bodies to meet their redemptions can have a disproportionate effect upon market confidence, while for the Government there is an additional problem of judging the course of total public sector borrowing if local councils cease drawing upon the Public Works Loans Board quotas.

### *Self-discipline*

The Government has made it clear that the trend towards shorter maturities must be firmly and promptly reversed but it has been prepared to give the local authority associations a chance to draw up their own voluntary code of practice in preference to the Treasury's own outline proposals for a new system of statutory regulation. Such a code has now been drawn up by a group of local council officials. Besides needing Government approval, it has yet to receive the support of all the local authority associations some of whom are expressing concern at the prospect of having to pay heavier interest charges if their debt profiles are lengthened. This prospect is however unavoidable. If local councils fail to take this opportunity to demonstrate their own self-discipline, the Government will surely have no option other than to introduce its own system of control.



# Ulster's nightmare of organised crime

BY GILES MERRITT

LIKE Coronation Street in any town anywhere, Ulster's working class areas are nothing special, barring spectacular wear-and-tear. But underneath these areas are becoming a nightmare of organised crime. The corner shop is going bankrupt because it pays its profits to protection racketeers. The children belong to the Young Fianna of the IRA or aspire to the UDA, and cut their teeth on stripping derelict buildings and shop-lifting. Their teenage seniors gravitate without much choice to the paramilitary gangs, which enforce the new anarchy.

The pub pays protection, too, as do the squatters in those few habitable houses abandoned by occupants of the wrong political or religious view. If there is a petrol-filling station, it is the hub of complex car rackets. In some streets, usually Republican, the pub is an illegal drinking club or "shebeen" selling hi-jacked goods at standard prices.

Lawlessness in Northern Ireland now extends much deeper than obvious terrorism and sectarian assassinations. The violence has bred a myriad of illegal rackets and, in their turn, these have spawned frauds and fiddles that ordinary citizens are forced to resort to—often in self-protection against a system of law-and-order or morality that is breaking down.

Businesses are increasingly affected. In some cases, industry reluctantly becomes party to criminal activity, by paying protection or reaching an "accommodation." In others, as in the case of a leading British construction company, they give up and leave.

The breakdown of the Province's social fabric receives little attention. Set against incipient civil war and political chaos it is a long-term problem. Last week the Belfast Telegraph newspaper ran a front page story headlined "When the public cashes in on terror" to describe dishonesties that are hitting jewellers' shops. Valuables in for repair and destroyed in bombings are the subject of inflated claims — an example was a rolled gold cameo worth 25p claimed at £100. Reprehensible, but one of the least significant or important of the swindles that now run into millions of pounds every year.

Ulster has no Fraud Squad, a fact of which members of the Director of Public Prosecutions' staff are strongly critical. Scotland Yard experts were imported to probe two recent alleged housing scandals—one involving the Provisional movement's building co-operative, the other concerning Belfast City councillors' interests in tenders. Nor does the Royal Ulster Constabulary have the time or manpower, let alone the trained specialists, to delve into the non-violent crimes that it knows range from extortion to fraudulent compensation claims, and from the "contract" robberies to organised rackets that fund the war chests of the Provisional and Official IRAs on the one hand, and the Ulster Defence Association and the outlawed Ulster Volunteer Force on the other.

Commercial crime is run Mafia-style by these private armies, and intimidation that relies on the commonplace threat of shooting ensures that the police receive few complaints. The RUC's conviction rate on reported crimes was 98 per cent. before the troubles. Now, with willing witnesses a rarity, it is 23 per cent.

In the RUC's "C" division of West Belfast, which encompasses the tough Protestant Shankill Road and the Republican stronghold of Ardoyne that is virtually a no-go area for policemen unaccompanied by soldiers, the murder rate is Ulster's highest at about 50 a year. The uniformed men patrol in a quasi-military role in armoured Land-Rovers and the CID detectives are swamped by crimes of violence that necessarily get top priority. The RUC is well aware of the protection victims the UDA and UVF have parcelled out between themselves in the loyalist areas—small corner shopkeepers pay out, say, £25 a week and the more prosperous pubs nearer £250—but are powerless to act.

The black taxis, the former London cabs, that, on the same collective basis as in the Middle East, ferry people between the city centre and their homes, and are run separately by Protestant and Catholic operators, also pay protection. The going rate on both sides is £100 to put a cab on the road and £10 weekly thereafter. The proceeds go to the paramilitaries' various associations and charities.

On the Loyalist front, the beneficiaries tend to be the gunmen first and foremost, with the chieftains living high on cash receipts that would defy an Inland Revenue investigation, even in the unlikely event of the tax men venturing one.

The Republican gangsters are probably no less self-interested, but there the share-out is more highly organised and its subtleties have social and political implications. The Provisional IRA, through its lawful Sinn Fein political wing, operates community welfare schemes which help care for the families of men in prison and, previously of internees. In their fiefdoms, the Provos therefore use money collected by public subscription as well as illegal activites to build a parallel (or rather, double) social security system.

The building industry is at the centre of Ulster's most pernicious frauds and malpractices. On the protection racket side, payments to the representatives of paramilitary organisations run at around £400 a week for a medium-sized building site to remain trouble-free. There is also a technique in which paramilitaries suggest they or their nominees be signed on to a builder's payroll on the clear understanding they report only weekly for wages. A Belfast building concern which is working on a housing executive contract for a residential complex was recently approached by UVF and UDA interests with a similar "suggestion." In an all-too-rare defiance, the builder courageously refused, and withdrew from the site for a month until the would-be protectors backed down.

The RUC has a dossier on the episode, although there seems little chance that the builder's moral victory will extend to prosecutions. The police and officials inside the housing executive believe that extortion is so wide-spread as to be common practice. It is a significant element in the speed with which Ulster house prices have in four years risen from low down in the UK chart to share top place with the London area. A local authority dwelling can cost one third more to build in Belfast than in Birmingham. George Wimpey had until three years ago a sizeable house building business in Northern Ireland, but was forced to withdraw. The company never announced that its 1974 decision was based on protection racket problems, but last week intimated that it had no other reason for going.

Other big British companies have problems, too. They tend to be the source of stolen liquor, beer and tobacco for the shebeens. Bass Charrington, with its Andersonstown main brewery, has suffered heavily from hi-jackings and carries the cost of lost beer. Hi-jacking is a standard risk, but the RUC would welcome batch labelling so it can identify looted bottles. Mr. Michael Mates, a Tory MP who is collecting evidence on organised crime in Ulster with a view to raising the matter in the House, comments: "It is clear that the income deriving to the Provisional IRA from illegal drinking clubs is of such considerable proportions that such other funds as those from North America are relatively insignificant."

By no means all illegal activities are organised by paramilitaries. The spread of lawlessness through the community, and its acceptance as a fact of life, is arguably the more troubling. Compensation claims for property damage, personal injury and nervous shock have involved otherwise law-abiding citizens in fraud. Within two months the compensation system is to be changed by an Order in Council at Westminster, and some of the adjustments are designed to tighten up the system that now pays out over £1m. a week. Terrorists need not apply, for convictions will be taken into account. The first £100 of financial loss will in future be borne by the claimant and the first £250 in personal claims. The aim is to reduce the "trivial" claims made — at present 40 per cent. of the 10,000 claims a year. As the £300 sums regularly awarded to the "growth industry" of people who claim they suffer trauma from having been close to an explosion will now be worth only £50, and broken windows will no longer be worth applying for, the Northern Ireland Office reckons that one-third of all claims will be ruled out. Yet only 1 per cent. of the compensation paid, totalling around £225m. since 1969, will be affected.

Inevitably there are claims so over-optimistic as to be phoney, and such is the pressure on police and court time in Ulster that fraudulent claims subsequently withdrawn are seldom prosecuted.

Property damage accounts for all but a sixth of the 120,000 claims so far settled, and is worth nearly £200m. The authorities recognise that many claims tread a thin line between shrewd commercial bargaining and outright fraud. [illegible] emergency finance schem[e] [illegible] help businesses re-build qu[illegible] is rarely used—"people p[illegible] to wait and prepare [illegible] figures," remarked a [illegible] official.

Fraud, though, is har[d to] prove. Sometimes, as in [the] case of Mr. Stanley McQue[illegible] Dungannon optician sente[nced] to five years for a £½m. [illegible] concerning non-existent le[illegible] false invoices provided [illegible] evidence. In other cases, [such] as the bombed hotel that [was] valued at £280,000 when [the] chain it belonged to had ea[illegible] been sold for £400,000, the [illegible] and the DPP's office are [left] only with their suspic[ions]. These are scarcely allaye[d by] the knowledge that, [for] instance, the valuer [who] appeared in the McQueen [case] has since been investiga[ted and] his papers sent to th[e DPP].

Delay in the settl[ement of] compensation is often [illegible] to as a reason for [illegible] times of high inflation, [illegible] rumoured to be e[xaggerat]ed in the trade it [is known as] "anticipating." One B[elfast-]based assessor, who no lo[nger] works in Ulster, says settle[ments] can take three or four yea[rs].

Low-level lawlessness is causing growing concern. [Of] the housing executive's 180[,000] dwellings, 35,000 are occu[pied] by tenants seriously in arre[ars] and 6,000 by squatters, the [lat]ter being about 12 times [the] GLC rate. The executive's income, apart from a £4[illegible] Government subsidy last y[ear] to finance its £120m. ann[ual] building and repair costs, [is] £30m. from rents. It is o[illegible] £8m. in arrears, mostly in ba[d] core areas where recovery [is] physically impossible. Ulste[r's] total public debt for utilit[ies] and services is over £20m.

Robberies last year totall[ed] £1.65m., against £1.16m. [in] 1975, and petty crime n[illegible] raises few eyebrows. When [a] gang of boys from Belfast's pr[es]tigious "Inst." the Roy[al] Academical Institution, w[ere] caught shop-lifting, the scho[ol] authorities reportedly preferr[ed] to ignore the incident. Briti[sh] soldiers, too, occasionally su[c]cumb to temptation. This mon[th] 11 former bomb disposal exper[ts] were convicted of thefts wh[ile] on duty.

Broadly speaking, the pro[b]lem is that Ulster has litt[le] "normal" policing. Yet if ther[e] is to be a sound social basis fo[r] any future political solution [to] build on, the humdrum, nor[mal] security operations of the RU[C] must be restored. The cost an[d] the effort are prohibitive an[d] given all the other immedia[te] priorities the Government ba[illegible] the present catch-as-catch-ca[n] approach will probably persis[t]. But with each new anti-soci[al] generation [illegible]


The Moyard Flats, West Belfast, restored by the Anderstown Co-operative. The Director of Public Prosecutions in Belfast has decided not to institute fraud charges against the co-operative.

# MEN AND MATTERS

## Laughs from Wall Street

Some American commentators have in recent years tended to spend a few days glancing round London before beeing back to the home of capitalism to report our decline into a new Socialist dark age. Alan Abelson, one of the best-known financial writers in the U.S., has the reputation of a sturdy right winger—but in London yesterday he pronounced himself "very bullish" about Britain's future.

After delivering a mostly humorous lunchtime dissertation, Abelson said: "I just suspect you're going to have an extraordinarily good time for the next three or four years." Beyond that ranked as long term, and off limits to any respectable crystal ball gazer.

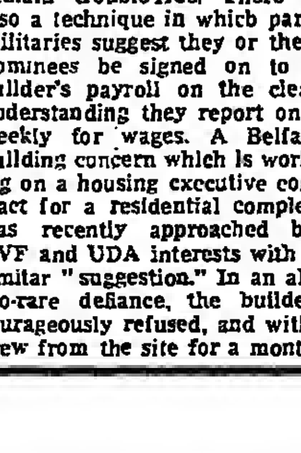
Abelson is managing editor of Barron's, the weekly which regularly features on its front page his "Up and Down Wall Street" column, penned in a fluent and witty style befitting a journalist who received an MA in creative writing from the University of Iowa.

His audience yesterday was an assortment of City fund managers and people interested in the commercial end of the news business. He had the investment people grinning happily as he spoke rudely about economists and the interventionist tendencies of Government. He was flanked by William Kerby, chairman of Dow Jones, which owns Barron's and a string of other publishing interests including the Wall Street Journal. Quite properly, Kerby reported that free enterpriser Abelson's publication was "very profitable."

But Abelson's audience, or at least the investment people, got distinctly restive when he talked about the business of equities. He sounded distinctly unkind when he said the small investor would be wise to make a foray into the market seeing that institutional investors reckoned it was a good time to stay away.

He was on jollier ground with his old reporting reminiscences, complete with threats from the Mafia and the receiving of a deerskin with three large bullet holes from a not-so-friendly reader. His best story was one about Equity Funding, the conglomerate which turned out, as Abelson said, to be "bereft of either equity or funding." The company "grew" dramatically by manufacturing bogus insurance policies.

He described the day when he and his staff put together a major article on the company's real condition, but they could not find anyone from Equity Funding to issue what they expected to be a ritual denial. Abelson sat down and wrote out what he thought the company would want to say on the lines of a "flat denial." Finally, a nervy public relations man was unearthed and asked if that sentiment was right. Well, he replied, we deny it all, "but not flatly."




"The Three Rs seem to have been replaced by the Three As—arson, aggression and absenteeism!"

## Royal Dutch popularity

A public opinion poll recently commissioned by the Dutch magazine Panorama reveals that the popularity of both Queen Juliana and the monarchy as an institution has emerged unscathed from the scandal which blew up last year over the involvement of the Queen's husband Prince Bernhard in the Lockheed affair.

Queen Juliana ascended to the throne in September 1948 and celebrates her 68th birthday on Saturday, both factors which have contributed to growing speculation over the timing of her expected decision to abdicate in favour of her eldest daughter Princess Beatrix before too long. The poll is also reassuring from this point of view as 80 per cent. of those asked approve of Beatrix as the best successor to the Queen and only 6 per cent. would prefer an elected president instead.

As for Prince Bernhard himself the most intriguing response was to the deceptively artful question as to whether he could be considered a "bon vivant." It appears that 57 per cent. of those interviewed did indeed consider him in this light which all looks fairly innocuous until seen against the Calvinist tradition which links high living with unreliability.

In spite of this, however, the Dutch public still apparently considers him more "valuable" to the country than his son-in-law Prince Claus although in overall terms the latter was considered both more "sympathetic" and "reliable."

Prince Claus, German-born like his father-in-law, had a hard time getting accepted by the Dutch originally.

Ironically the question of relations with the Third World was also one of the topics of last week-end's meeting of the Bilderberg conference at Turquay. Prince Bernhard helped to get the Bilderberg idea moving and was the conference president until his resignation last year. His was one of many distinguished absences at this year's secret talk-in.

## Long term

Once upon a time—in 1852 to be precise—a Geneva philanthropist called Gabriele Eynard left a lump sum, and precise instructions about investing it properly, to the Geneva city council. Eynard calculated that the sum would yield interest of Sw.Fr.150 (£34 at current exchange rates) and insisted that this sum be re-invested to take advantage of compound interest and not touched until 1975.

By that time the donor calculated the total in hand should be a tidy Sw.Fr.6,144,000. Two years ago a deputy asked the city council what had happened to it all.

The council has finally replied and had to admit that although interest had been regularly compounded, lower interest rates, conversions and other "misfortunes" had taken their toll and reduced the amount available to Sw.Fr.1,630,858.

It is still a respectable sum, but not nearly enough to build the prison, or lunatic asylum, library or museum which the donor originally had in mind. Instead it will be used to build something which the donor could hardly have foreseen—a centre to fight drug abuse.

**Observer**

SOCIETY TO-DAY: THE CIVIL SERVICE

BY JOE ROGALY

# A growing case for defenestration

THE ONLY way to cure Britain of its ills is revolution. Now I realise that it is not customary for columns of this nature, in journals like the Financial Times, to advocate revolution, particularly when one bears in mind that most true revolutions involve violence and bloodshed on a scale that does not usually justify the end. But when you think about it, there can be no genuine change in the course that our national affairs are taking without at least the kind of passion that leads to revolution; if there is no call for bloodshed (which there is not) there is as a necessary minimum a need for the overturning of institutions, the fundamental change, and, yes, the rough justice that goes by the name "revolution."

To reach this conclusion—which I shall attempt to justify in a moment—is depressing enough; what is far worse is to understand its corollary, which is that the revolution will not come. It is to Mr. Jo Grimond that I owe the fixed stare and the penetrating question, "will the English ever revolt?"—together with the subsequent realisation that so far ahead as one can see of course they will not, which is why the country will continue to moulder, come Phase III or come a Thatcher Government.

### Sensible

It is all too easy to picture. Just as the Labour Government, bound by the International Monetary Fund and [illegible] policies we seem to be about to get in its place an ideologically keyed-up Conservative Government, which will no doubt make 30 months of its own errors before in turn it comes to its senses. The history of the past 13 years may not be repeated in quite that form, but who can say that something similar is not the most likely outcome?

### Defence

One is driven to this dampening conclusion by consideration of most aspects of our national life, but it is when considering the Civil Service that the need for revolution becomes especially clear. For that monster machine is protected by the most fearsome defence available in a democratic society: it is managed by some of the brightest and most reasonable people our system can produce, and it is so conscious of its own addiction to the dictates of reason and its own intimacy with the methods of reason, that those who manage it rarely seem to be aware that there may be just the slightest touch of self-interest in what they do.

You cannot slough off the calcifying rule of reasonable men by confronting them with reason; they have cornered the market. The Civil Service eats proposals for reform for breakfast. Only defenestration—and I mean of the civil servants, not their files—will defeat them, and they know, and you know, and I know that this is not about to happen. Those who criticise the service will be received, and welcomed, and smiled upon, and then smothered under a 10 ton [illegible] stream behind them.

Not even the most outrageous example of the smothering practices of these honourable and reasonable men and women of Whitehall is sufficient to incite the population to rebellion. For instance, over the past few weeks it has become clear that the Foreign Office is busily engaged in a campaign to defuse, in advance, any radical proposal that may come out of the inquiry of the Central Policy Review Staff (or "Think Tank") into Britain's representation overseas. Little stories have been appearing from all quarters of the globe obviously inspired by Foreign Office officials.

### Questions

The thing that seems to have upset them most is that some of the bright, clever, but unassimilated young people on the CPRS have asked questions like, "is your job really necessary?" or "is the Foreign Office really necessary?" and that they intend to publish the answers. Reasonable, assimilated, Civil Servants may allow such questions among themselves, to be laughed away or reasoned out of existence in private; coming from outsiders, and combined with the possibility that the public may get to hear about it, the insult seems to them to be unbearable. Thus the "leaks" and innuendoes have grown more intense, so that now we read unattributed, but personally disparaging remarks about members of the inquiry team.

Or, again, the past half-year has seen the emergence of a [illegible] the Civil Service Department and put forward as a grand new Bureau of the Budget that would ensure strict economy in every part of the public service. The arguments on both sides have been well aired: all that is missing is a pair of vital questions.

The first is, "who are the senior Civil Servants most likely to head the larger power base that such a new department would provide?" and the second is, "can the existing Civil Service Department do its own present job properly, let alone a new, bigger one?" The answer to the first is a matter of gossip, but those who make their guesses will even so find the answer thought-provoking, as I did when Sir John Hunt, the Cabinet Secretary and an [illegible] ing of the Prime Minister.

If we had the necessary revolution first, there might be some merit in a Bureau of the Budget. As matters stand, the answer to the second vital question is too daunting. The Civil Service Department, with its two Permanent Secretaries and its extremely top-heavy bureaucracy, has presided over a period of explosive growth in the number of civil servants, with an apparent parallel decline in the quality of management. Do not take my word for it: this is what just about everybody one meets in every other department says about them.

### MANAGING THE CIVIL SERVICE

**Numbers "in post" in the Civil Service Department**

| | 1969 | 1971 | 1973 | 1975 | 1977 | 1978‡ | 1969-78 % |
|---|---|---|---|---|---|---|---|
| Civil Service Commission | 525 | 500 | 375 | 400 | 350 | 350 | −33.3 |
| Personnel and Stats. | 100 | 250 | 225 | 250 | 200 | 150 | +50.0 |
| Manpower | 70 | 80 | 80 | 90 | 100 | 100 | +42.8 |
| Management Services | [illegible] | 200 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Chessington Computer Centre | — | — | [illegible] | 475 | 450 | 525 | +61.5* |
| Central Computer Agency | — | — | 500 | 575 | 625 | 700 | +40.0* |
| Civil Service College | 150 | 225 | 350 | 375 | 350 | 325 | [illegible] |
| General Support Services | 275 | 400 | 450 | 475 | 450 | 425 | +54.5 |
| Others | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Sub-total | 1,800 | 2,325 | 3,125 | 3,575 | 3,425 | 3,400 | +88.9 |
| Cafe Management† | | | 1,650 | 1,800 | 1,750 | 2,150 | +30.3* |
| Grand Total | 1,800 | 2,325 | 4,775 | 5,375 | 5,175 | 5,550 | +208.0 |

* 1973-1978 † "Civil Service Catering Organisation" ‡ Projected

### Rapid

The [illegible] In the numbers employed by the CSD itself has been inexplicably rapid to outsiders not blinded by reason, even when the "cut" between April, 1976, and April, 1978, dictated by last year's cost review, is taken into account. Let us take this apparently small point slowly, because in it is to be found the truth that leads one to understand why defenestration is the only way.

Last May Mr. B. M. Thimont, the principal establishment officer of the CSD, was asked in a Parliamentary Committee why the biggest increase in staff between 1975 and 1976, one of 80 per cent., was in the CSD itself. "Can you explain why that is?" asked the questioner, Mr. Nigel Lawson, and perhaps answer the question [illegible] bility for catering, and the size of CISCO (the restaurant-managing branch of the CSD) is something of the order of 2,000 people."

So devastating did this answer seem, coming from the most reasonable of men, that in a reference to the head of the CSD, Sir Douglas Allen, the chairman of that Parliamentary committee ended the exchange with: "I sympathise with Sir Douglas in trying to control both cooks and management."

### Increase

The right question would have been: Had some of the cooks been put on to preparing the department's books? For it is only when you insist on details that these reasonable men, who are not dishonest, produce the reply that gives the story away; this can be seen in the table. Leave the catering organisation on one side, because it is anyway supposed to earn its own keep. The increase in the staff of the rest of the department between April of its first full year of operations, 1969, and the level it says it will be down to by next April is just on 89 per cent.

"Unfair," they will say, reasonably enough. The table takes CSD figures and, unlike the CSD, adds on the Civil Service College (whose predecessor's functions account for some of the figures for the earlier years); the policy-making and technical-advisory Central Computer Agency, created out of the offspring of [illegible] to more than 80 departments. These are all new developments; if you exclude them as well as catering the growth in the rest of the department comes to a mere 200, or 12 per cent. on the 1,650 employed in April, 1969—assuming that the cuts promised for next April are made. This projected total of 1,850 would be 300 down on last April's peak of 2,150.

This reduction is being achieved by the highest application of reason, assisted by last year's "management review" conducted with the help of consultants—and leading to a small if welcome defenestration of a number of "behavioural scientists" and statisticians, although sadly, no Permanent Secretaries. It is only when one lifts off the iron grip of reason and looks at the ten-year record depicted in the table that it can be seen that the department itself initially became a machine for multiplying the number of civil servants (of whatever classification) on its own payroll so that its chances of controlling the growth elsewhere were very small indeed.

### Self-interest

The reasonable reply is that they now have the reins in their hands; there are signs of control, and cut-back, and there is a consequent wave of resentment from the trade unions involved, in most departments. But nothing radical: if you ask why have a Commission to recruit civil servants when the individual Departments can do it, they speak of "quality" and a [illegible] But, then, the English do not revolt, do they?

# Letters to the Editor

## Wages and inflation

From Mr. G. Laslett.

Sir,—I am writing as one of the estimated 80 per cent. of workers in this country who recognise the need for pay restraints to be incorporated in a Phase 3 pay policy. According to the chairman of the CBI the views of this majority are all too silent, mainly through the failure of the media to give them enough prominence.

Recently, several trade union leaders have pointed out that despite nearly two years of very tight pay restraint the annual rate of inflation measured by the Retail Price Index is continuing to rise, from which they proceed to deduce that wage increases are no longer the villain of the piece. This, in their view, justifies a return to free collective bargaining as a basis for wage settlements. I believe "free collective bargaining" now would be a mere euphemism for the law of the jungle with the survival of the fiercest.

Apart from the fact that any steep rise in wages must have a disastrous effect on the rate of inflation, in recent months one of the major factors feeding inflation has been the decline in the value of Sterling in the latter part of 1976. I submit that some of these same trade union leaders along with the activities of extremists in their members must shoulder some of the responsibility for this decline. Rash and inflammatory statements made by them accompanied by the threat and, sometimes, the pursuit of industrial action (another euphemism) caused perhaps oversensitive financial circles to react to bring about the fall in value of Sterling which is now working itself through to retail prices because of higher cost imports.

Such a chain of events could easily occur again in the next few weeks where extreme positions are being mounted from which to negotiate future pay agreements. I am sure none of the "silent 80 per cent" relishes the prospect of another disastrous decline in the value of Sterling with its attendant reactions in rising interest rates and consequent increases in public sector expense plus further rises in the prices of imports.

This could all easily happen whether there is further pay restraint or not if self-interest is the main driving force in the current situation. So, please, union leaders, try to raise your sights and broaden your horizons.

G. A. Laslett.
1, Langdon Avenue, Canterbury, Kent.

## Restraint on strikes

From Mr. B. Bodroghy

Sir,—Relaxation of pay restraint and return to freer forms of collective bargaining is inevitable under Phase Three. Its introduction could lead to industrial unrest on a scale comparable to the worst years of the recent past. To avoid it, the Government, unions, and employers should work towards voluntary restraint on industrial action (in place of restraint on pay) in Phase Three.

In 18 months free of strikes, the improvement in productivity, foreign trade prospects, and investment would be such as to make the award of substantial real pay increases possible and desirable.

Inevitable disputes should be settled through voluntarily binding arbitration. The New Zealand system (where the arbitrator finds in favour of one or the other party's final position, without splitting the award) should be used to encourage realism in bargaining.

Nobody would lose; everybody would gain something. The mood is such that free collective bargaining for real gains in a period of strike restraint is likely to be an acceptable basis for Phase Three.

B. R. Bodroghy,
[illegible], Hove, Sussex.

## Value added motivation

From Mr. D. Bentley.

Sir,—Your correspondent, Mr. Hansard (April 21) accuses me of making extravagant claims in my advocacy for the use of value-added-based plant and company wide wage incentive reward schemes.

Mr. Hansard is confusing extravagance with enthusiasm, an enthusiasm resulting from practical working experience and knowledge of VA-based incentive reward schemes. Obviously your correspondent is familiar with industry, but he certainly is not so familiar with the application of VA for measurement purposes, especially with its application for plant-wide systems.

[illegible] viewing VA as the output side of the productive equation has tremendous value for the company which wishes to both improve its total productivity and its employee involvement in that productivity. The productivity standards of this type of system are remarkably self-adjusting to all the market-influenced economic changes which affect the average business, and the end results from a successful plantwide incentive reward system are fantastic, there is no other description that can be applied.

Of course VA measures labour productivity, it measures wage and salary productivity. VA provides a measure of total unit productivity, and most businessmen know how truly difficult it is to find a real measure of plant or company productivity. It does measure and the VA/wage indices provide an equation that does represent the final market integration of capital, price costs [illegible]. The systems can be equally well applied to shop floor and staff employees [illegible] "shop floor"—but staff and shop floor people do perform different functions of varying magnitude at different times in the business cycle and this feature must be built into a VA scheme. My comment suggesting caution about worshipping at the shrine of value added (April 16) was directed towards those who promote its use for every aspect of business management—of course it is not a panacea and it is important to keep one's feet on the ground. VA provides a valuable and non-divisive means of reward and if there is one thing that British industry needs it is a measure and means of sharing which is "non-divisive."

To me it would be a retrograde step to introduce, on a control basis, the use of VA into a pay policy. We worry about the return to free collective bargaining, but there is no money in the system to finance high wage claims. I was making the point that there is tremendous scope within individual firms for a real increase in productivity and the ability to pay must be linked into the unit. Under to-day's social contract there is no reason — other than survival—to do anything about productivity. But we have, as management, to get excited about productivity, to get enthusiastic about productivity, to share in the benefits of productivity.

Wages are linked to productivity — we all have to learn more about the benefits. This horrible concentration on "labour productivity" will not inspire either unions or employees to get enthusiastic, but a commitment to total productivity, plant wide [illegible] we have so much trouble [illegible] sing in the U.K.

Douglas F. Bentley,
Bentley Associates.
55, Dyke Road, Brighton, Sussex.

## Preference dividends

From Mr. R. Instone.

Sir,—The recurrent absurdities which result from the Revenue's reinstatement of its original formula after the Sime Darby decision are well illustrated by the results of the Chancellor's conditional reduction of basic rate tax from 35 per cent. to 33 per cent.

If this becomes unconditional, Preference shareholders, whose dividend income is supposed to be fixed, will suffer a cut in income because their cash receipts will be unchanged but their tax credits will be subject to reduction. Equity shareholders, on the other hand, will be better off, because under dividend restraint it is the total of the two which matters, and a reduction in the rate of tax, and hence in the tax credit, enables a larger nett payment to be made.

Is this Wonderland situation really what the intellects of Somerset House intended? And if so, why? For the past three years I have been hoping for a convincing answer, or indeed any answer, to these questions.

Ralph Instone.
13, Old Square, Lincoln's Inn, W.C.2.

## A right to double-tax

From Mr. G. Bennett.

Sir,—Section 36 of the 1977 Finance Bill gives the Revenue an unlimited right to double-tax the profits of subsidiary companies [illegible] when the profits are earned and [illegible] final disposal of the shares. In the latter event any dividends paid during the period of being a subsidiary fall within the description of "arrangements made whereby the value of the subsidiary's shares has been materially reduced and a tax-free benefit has been conferred on its parent company. Such dividends may therefore be added to any capital gain on disposal of the shares by the parent company.

Sub-section 3 provides relief if it is shown that avoidance of tax was not a purpose of the arrangements, but as it is impossible to show that any foreseeable result of an action was not a purpose in taking it there will be very few circumstances to which the sub-section applies.

Maybe the Revenue intends by "concession" to ignore normal dividends paid while the subsidiary is trading. A case in point, however, is that of a company which has been the wholly owned subsidiary of the same parent company since incorporation but has now ceased to trade. The undistributed profits, which have already been subject to corporation tax, will now be caught for capital gains tax whether paid out by way of dividend before or distributed in a winding up. The capital gains charge could be indefinitely postponed by keeping the company on the register, but surely our tax laws should not force us to such an expedient.

G. Bennett,
Fair Oak, Horsell Park, Woking, Surrey.

## Contracting-in option?

From Mr. R. Sloan.

Sir,—We adopt a neutral stance as regards whether or not companies should contract out of the new earnings-related element of the state pension scheme. Your columns have in the past covered the continuing debate in some detail, one of the most disputed contentions being that insurance companies and commission-orientated brokers almost always tend to favour contracting out.

It may perhaps be of interest to pass on some figures just disclosed by the Legal and General Assurance Society. During a recent five month period, its quotations in respect of existing pension schemes broke down as follows:—

| | % |
|---|---|
| Contracted-out | 95 |
| Contracting-in | 2 |
| Undecided | 3 |

It seems almost inconceivable that the largest pensions insurer in the country has not issued a single quotation on an integrated (contracted-in) basis.

R. K. Sloan,
Director and Regional Actuary,
Martin Paterson Associates.
9, Albyn Place, Edinburgh.

## Explain profits clearly

From Mr. C. Carr.

Sir,—As Mr. L. Stafford (April 22) points out, the sometimes over-sensational phrasing used in describing company gross profits where you compare to the previous year can be misleading.

This would be particularly so if a company had taken over another one of like size and profit by merely exchanging paper. The profits would now appear to have doubled and the workers would feel that the company could afford to pay them higher wages, when in fact it is simply a "marriage" of two companies now having one name and one set of shareholders and workers of both companies now to be paid out of this doubled profit which means there isn't a penny more for anyone than there was before.

These simple facts should be explained to workers. A figure more important than profits is the earnings per share, provided there has been no scrip issue.

It is encouraging to see more use being made of the "cake" diagram (Legal and General, April 22) and Unilever (April 21), but it would be better if this was a simple circular plan of the top of the cake. Consider how Unilever's elliptical shape makes 26 per cent. (other foods) appear to be a smaller slice than the 24 per cent. (margarine, etc.). This ellipse can also diminish the impression conveyed of the slice of the cake taken by wages. I also disagree with the use by Unilever of depreciation. Tax also need not be shown, if gross wages are used and net profits as the shareholders' slice.

This cake should be concerned only with the people who benefit in terms of money from the enterprise, so that a comparison can be made between capital and labour, who the trade union leaders are beginning to see as equal partners who are dependent upon each other.

Until these equal partners can be seen to be getting a more permanently equal share of the cake, as the Japanese do, there will be little incentive for capital to invest in a way which will make the cake bigger. Capital sees this as throwing good money after bad, if as soon as a bigger cake is made [illegible] to say "production per man has gone up, therefore we want the whole of the increase."

It would benefit labour more if it understood that it would be better off with a smaller percentage of a larger cake, than by trying to get 100 per cent. of a diminishing cake which could soon become non-existent.

Colin Carr.
40, Solent View Road, Gurnard, Cowes, IoW.

## Development controls

From Mr. H. Cole.

Sir,—In your grocery distribution supplement (April 22) both Elinor Goodman and Quentin Guirdham appear to misinterpret the Development Control Policy Note No. 13, and its draft revision, issued by the Department of the Environment. The guidelines also require local planning authorities to notify the Department of all shopping developments outside town centres in excess of 100,000 square feet gross. The draft revision proposes to reduce the notification level to 50,000 square feet.

The conclusion that many people have drawn, including Miss Goodman and Mr. Guirdham, is that there is a presumption that the Secretary of State will intervene by calling in for his own decision projects in excess of the notification limit. This is not so.

When the draft revision was issued the Department stated that the purpose of the figure was simply to ensure that projects above a given size were reported; there is no presumption that if the draft revision of the Note is confirmed as it stands, the Secretary of State will necessarily leave local planning authorities to determine all planning applications for less than 100,000 square feet while calling in the larger ones. This can be seen from the way [illegible] level of 50,000 square feet has operated in practice. One of the largest proposals, at Roselands, for 421,000 square feet, for a regional centre was left to be decided on appeal, as were applications for rather more than 100,000 square feet by Woolco at Grimsby, Blackpool and Llandough, and for larger stores ranging up to 180,000 square feet by various operators at North Benfleet, Rochford and Chandlers Ford. On the other hand, a number of applications for well under 100,000 square feet were called in, for example, Sainsbury at Worcester and ASDA at Yarmouth, Huntington and Broadstairs, where, incidentally a Co-op superstore proposal for 107,000 square feet on a closely neighbouring site was left to be dealt with on appeal.

There is no reason to think that this pattern will change, or that there is any presumption that up to 100,001 square feet is good and anything above that figure automatically bad (or at least in need of the Secretary of State's special attention).

Harvey R. Cole.
9, Clifton Road, Winchester.

# To-day's Events

GENERAL

April provisional figures for unemployment and unfilled vacancies.

Meeting of Wilson Committee on financial institutions.

Mr. William Rodgers, Transport Secretary, meets railways joint consultative committee and Mr. Peter Parker, British Rail chairman, to discuss investment in railways.

Jaguar internal drivers' dispute—shop stewards meeting management.

Publication of Department of Energy annual report—The 1977 Brown Book.

Second day of Prime Minister's visit to British forces in Germany.

Mrs. Margaret Thatcher, Conservative leader, on "Nationwide" BBC 1.

Mrs. Shirley Williams, Education Secretary, speaks at Grimsby by-election meeting.

EEC Agriculture Ministers' meeting ends in Luxembourg.

PARLIAMENTARY BUSINESS

House of Commons: Debate on mobility of the disabled. Motion on Local Loans (Increase of Limit) Order. Opposed private business.

House of Lords: Marriage (Scotland) Bill. Commons amendments. New Town Scotland Bill, committee. Road Traffic Seat Belts Bill, second reading. Debate on UN Law of the Sea conference.

COMPANY RESULTS

Sears Holdings (full year). Tozer Kemsley and Millbourn (Holdings) (full year).

COMPANY MEETINGS

Broadstone Investment Trust, 120, Cheapside, E.C., 12. Investing in Success, Regis House, King William Street, E.C., 10.45. Joseph Shakespeare, Dudley, 12.15. Sungei Krian Rubber, 10-15, Mincing Lane, E.C., 12.30. Vantona, Manchester, 12.45.

# COMPANY NEWS + COMMENT

## Wm. Baird beats forecast with peak £4.8m.

INCLUDING Thomas Marshall Investments for nine months, turnover of William Baird and Co. improved from £55.05m. to £81.72m. during 1976 and pre-tax profit was a record £4.83m. compared with the depressed £1.77m. in 1975.

This was somewhat better than the expectations held at half-way, say the directors. Then profit was up from £0.69m. to £1.53m.

They say now that the restructuring of the group, which was started in the closing months of 1973, was carried a major stage forward in 1976. Some early benefits of this are reflected in the results. Continued improvement in sales and profits during the first quarter of 1977 encourages the belief that the year as a whole will bring further progress.

Stated earnings per £1 share for 1976 are 22.1p (9.7p)—the net final dividend is 5.7105p for a total of 8.3105p, against 7.555p, equal to 12.7854p gross (11.6231p). If the basic rate of tax is reduced to 33 per cent. the gross final will be 8.5231p and the total 12.8231p.

Investments realised during the year, principally shares in Butterfield-Harvey, were taken into the consolidated balance-sheet at December 31, 1975 at their market value of £678,000 and were sold for £1.350,000. However, as the cost of these holdings was £1,741,000 there was a realised loss of £408,000 after crediting £17,000 to capital reserve.

Referring to the nine months' profit of Thomas Marshall, the directors say the results bear a five months' interest charge on the cash element of some £2.2m. in the consideration for this acquisition and a full year's dividend on the £2.5m. Baird Ordinary stock issued in the same connection.

Cash retentions within the group from the year's trading are considerably more than suggested by the profit and loss account, a substantial proportion of the tax charge being in the deferred category and unlikely ever to become payable.

| | 1976 £000 | 1975 £000 |
|---|---|---|
| Turnover | 81,720 | 55,050 |
| Operating profit | 6,879 | 2,785 |
| Textiles companies | 2,541 | 986 |
| Associate | [illegible] | [illegible] |
| Dawson International | 1,518 | 14 |
| Industrial companies | 1,187 | 1,071 |
| Associates | 171 | 95 |
| Services companies | 346 | 372 |
| Associate | 11 | 22 |
| Investment companies | 57 | 149 |
| Butterfield-Harvey | 64 | 251 |
| Administration expenses | 270 | 223 |
| Interest payable | 849 | 794 |
| Profit before tax | 4,831 | 1,770 |
| Taxation | 1,786 | 893 |
| Net profit | 3,045 | 1,006 |
| Minorities | 1 | — |
| Attributable | 3,044 | 1,006 |
| Dividends | 1,144 | 856 |
| Realised loss on investmts. | 408 | [illegible] |
| Extraordinary debits | 196 | 2,447 |
| Attributable associate loss | 332 | [illegible] |
| Retained | 336 | 2,195 |

* Includes Thomas Marshall Investments for nine months to December 31, 1976. † Profit. ‡ Withdrawn from reserves.

### ● comment

The drastic restructuring of William Baird has certainly paid off, with profits 56 per cent. better than the previous record level in 1974. The overriding factor, of course, was the nine-month contribution from Thomas Marshall (around £1m. on an annualised basis) but the original textile division must have more than doubled its profits and there was a dramatic boost from associates, cashmere spinners Dawson International. Textiles now account for over 70 per cent. of profits: on the industrial side Butterfield-Harvey has been sold and profits deconsolidated, while Darchem's profits moved little. This company is likely to remain on a plateau while it builds up a new markets to support sluggish power station engineering side. The services division, of course, has declined with the mine closure. The yield of 10.6 per cent. at 126p compares with a textile sector average of 7.6 per cent., which should stimulate the shares especially with prospects of further earnings growth.

Statement Page 24

### INDEX TO COMPANY HIGHLIGHTS



## £0.26m. rise for Winn Industries

A SECOND-HALF 1976 advance in pre-tax profit of £214,000 to £683,000 gave Winn Industries a record £1.14m. for the year against £0.88m. Profit at half-way was £452,000 against £403,000.

Stated earnings are up from 4.3p to 4.7p per 20p share, and the net final dividend of 1.4623p lifts the total from 2.275p to 2.5025p.

| | 1976 £000 | 1975 £000 |
|---|---|---|
| Turnover | 16,621 | 17,478 |
| Interest | 209 | 175 |
| Profit before tax | 1,137 | 876 |
| Taxation | 545 | 422 |
| Net profit | 497 | 454 |
| Minorities | — | 4 |
| Extraord. debits | 5 | — |
| Retained | 232 | 215 |

## Christies Intl. up by £1.8m.

THE OPTIMISM expressed at the interim stage by the directors of Christies International, the fine art auctioneers, has been justified, with second-half 1976 profits rising from £1.24m. to £1.96m. and taking the total for the year up to a record £3.66m., compared with £1.91m.

Mr. J. A. Floyd, chairman, explains that the result has accrued from increased sales throughout the world. A greater volume of business than ever before has passed through the group's London salerooms and a larger percentage of this business has emanated from abroad.

| | 1976 £000 | 1975 £000 |
|---|---|---|
| Turnover | 11,400 | 7,127 |
| Profit before tax* | 3,660 | 1,908 |
| Taxation | 2,019 | 948 |
| Net profit | 1,641 | 1,000 |
| Minorities | 15 | 9 |
| Attributable | 1,626 | 991 |
| Extraordinary debits† | 102 | 20 |
| Dividends | 600 | 546 |
| Retained | 924 | 425 |

*After crediting net profits on exchange of £261,000 (£104,000) and charging exceptional items: additional pension fund contributions £250,000 (£175,000), and leasehold improvements £112,000 (£132,000). † Includes overseas taxation £643,000 (£233,000). ‡ Relates to net deficit on revaluation of fixed assets after adjustment for deferred tax relief.

net dividend is raised from 2.665p to 2.9313p, with a final of 1.9313p.

### ● comment

Rising saleroom activity plus the higher commission rates that came into force in the third quarter of 1975 have combined to nearly double Christie's pre-tax profits. In the current year turnover is running about a fifth ahead, so a p/e of 8½ at 67p is not out of line. This year direct selling in New York should start to make a contribution to earnings, and the overseas base generally is still widening with non-U.K. profits last year rising to about a third of the pre-tax total. Margins eased fractionally over the two halves, but the balance-sheet has been strengthened: cash still stands close to £5m. (compared to a market capitalisation of £13.2m.) and additions have increased fixed assets from £1.6m. to £2.6m. Yield is 8.9 per cent., covered 2.7 times.

## Pontins ahead so far

PRE-TAX PROFIT of holiday camp proprietors Pontin's for the seven months to October 31, 1976, improved from £6.45m. to £8.26m. on turnover ahead from £27m. to £32.41m. The profit was struck after debenture and other long-term interest of £325,000 against £400,000.

Bookings for the 1977 season both in the U.K. and overseas are comparable with this time last year, and the directors consider this satisfactory.

The interim dividend of 1.65p net per 10p share has already been announced. Last year's single payment was 1.5p. There was no final, as the interim absorbed the maximum permitted increase for the year. Profit for the year 1975-76 was £4.77m.

### ● comment

A 27 per cent. rise in profits from Pontin's is bolstered by a £1m. gain from overseas. At home, occupancy levels in the 1976 season were more or less the same, though the company went in for more special week-ends outside the traditional period and the average ratio was helped by a 5 per cent. cut in staff. However it was overseas which really shone, with Greece open for a full season and occupancy levels up by around 95 per cent. This year the U.K. must be operating near full capacity but further expansion overseas during the winter months should ensure further growth even without sterling's weakness to bolster the figures. At 23½p, the 10.8 per cent. yield is in line with that of Warner, and better than can be found from most of the hotel/holiday groups.

## DIVIDENDS ANNOUNCED

| | Current payment | Date of payment | Corresponding div. | Total for year | Total last year |
|---|---|---|---|---|---|
| Wm. Baird | 5.71 | July 5 | 4.96 | 8.31 | 7.56 |
| British Invest. | 2.2 | June 14 | 2.0 | 4.3 | 3.5 |
| Brooks Watson | 1.3 | — | 1.04 | 1.82 | 1.04 |
| B.S.G. Intl. | 1.14 | July 1 | 0.33 | 1.63 | 0.65 |
| Christies Intl. | 1.93 | June 16 | 1.92 | 2.93 | 2.67 |
| Farnell Electronics | 2.44 | July 1 | 2.22 | 3.83 | 3.48 |
| Fundinvest ...int. | 0.98 | May 31 | 0.83 | — | 1.92 |
| John Laing | 2.07 | — | 0.81* | 2.32‡ | 1.48* |
| Macfarlane Group | 1.79p | — | 163 | 3.44 | 3.13 |
| Manders (Holdings) | 1.53 | June 15 | 1.53 | 2.28 | 2.07 |
| Sennah Rubber | 25 | — | 20 | 25 | 20 |
| Silhouette | 2.5 | — | 2.28 | 3.22 | 2.93 |
| Simon Eng. | 4.55 | July 1 | 4.13 | 6.95 | 6.32 |
| W. A. Tyzack ...int. | 0.36 | June 1 | 0.33* | — | 1.14* |
| Winn Industries | 1.46 | — | 1.3 | 2.5 | 2.28 |

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ To meet close company legislation.

## Manders expands to £2.4m.

PROGRESS was maintained by Manders (Holdings) in 1976 with taxable profit expanding by £0.34m. to a record £2.4m. on sales up from £17.04m. to £20.5m. Though demand was rising by varying degrees in the first six months, the directors had warned at half-way, when profit was better at £1.06m., against £0.96m., that sharp rise in raw material and other costs could cause trading margins to deteriorate.

| | 1976 £ | 1975 £ |
|---|---|---|
| Sales | 20,499,993 | 17,038,329 |
| U.K. companies | 16,269,862 | 13,876,338 |
| Overseas compns. | 4,230,131 | 3,161,991 |
| Pre-tax profit | 2,401,745 | 2,058,413 |
| U.K.* | 1,529,797 | 1,414,415 |
| Overseast | 815,675 | 475,622 |
| U.K. property | 56,273 | 168,376 |
| Taxation | 1,164,354 | 1,006,658 |
| Net profit | 1,237,391 | 1,051,757 |
| Minorities | 69,257 | 65,574 |
| Attributable | 1,168,136 | 986,183 |
| Dividends | 357,313 | 327,339 |
| Retained | 811,787 | 662,844 |

* Paint and printing ink companies.
† Printing ink companies.

This represented a return of 45.82 per cent. on shareholders' funds.

A net final dividend of 1.529p per 25p share lifts the total to a maximum permitted 2.2759p (2.069p).

### ● comment

After a 64 per cent. improvement at half time, the overseas printing ink companies in the Manders group ended the year with profits 43 per cent. up. Though this division contributed over half the increase in group profits, there was some volume upturn at home as well, both on the decorative paints and wallpapers side and on printing inks. One small disappointment was that the now completed Manders shopping centre failed to meet its £300,000 net rental target. This was because of a small delay in long-term funding with the Prudential which left the centre exposed to increases in interest rates for longer than expected. In the current year this shortfall will not recur and, in addition, the company is looking for substantial volume increases on inks. The prospects are not dramatic, however, and the shares yesterday remained unchanged at 47p, where the p/e is a sober 5.7 and the yield 7.9 per cent.

## Tyzack (W. A.) to hold £½m.

Provided an increased rate of turnover can be sustained W. A. Tyzack and Co., maker of precision engineering components, will achieve profits in the year to July 31, 1977 similar to the £587,000 reported for 1975-76.

In the first half year ended January 31, 1977 sales have risen from £2.1m. to £2.29m. and profits emerge ahead from £217,834 to £225,218, before tax of £117,113 (£113,274).

The interim dividend is effectively raised from 0.33p to 0.363p—the total for 1975-76 was equal to 1.1406p.

## Winding-up orders on 75 companies

Orders for the compulsory winding-up of 75 companies has been made by Mr. Justice Brightman in the High Court. They were:

Primedale, Everett Shipping and Trading Company, Universal Rock Rigging Contractors, Eastridge Garage, Derek Scales Reinforcement Services, D. Blank and Company, Ringzone.

Singing Bamboo Restaurant, Aston Bureau (Birmingham), Brian Fisher, David Puttnam Enterprises, E. H. Paterson Transport, Harry Yeomans (Realisations), Hatherley Construction, T. Denby (Haulage).

Prance Coach Tours, B. Innes (Brondesbury), C. J. W. Builders and Carpenters, Tonesta, Reat Construction Company, Ray Hodgson and Sons, Holmecourt Builders, Hannah Jones.

Pour Homme, Growth Management and Finance (Europe), W. R. Nash and Son, James W. Hardy (Builders), Sisme (Electronic Organs), P. G. Pledger (Sea Food), Fast Alarms, Formain.

Cliffe Printers, Wrider Jean and Co., Forecgrade, J. Canny and Sons, Ross Construction, R. J. Manners, Carter Oak, Ian Clark Europeans Transportation.

Autofleet Sales, Daleminster, Datasource, Red Line Books, Westrobb, Dales of West Lavington, Kromalite Electronics.

Maxwell Industrial Staff, Rybrook Builders and Developers, Clairecrafts, Caramanda Fashions of Mayfair, Nobles (Warrington), Publitalia, Todd and Edwards, Percy T Street.

Tranbrook Electrical, Truform Posture Chairs, Englitex, Okeburn Contracts, Stuart Le Worthy Associates, Mount Vernon Warehouses, Mersey Marking.

Ellacombe Leisure Services, Heller Products, Lissom Street Warehouse Company, Soundways, Ewedene, Glencombe Properties, Knapman and Branscombe, Hallmasters.

Tyson Swimming Pools, Arnold O'Reilly, Atuana Charles, City and General Securities, Ronald King and Co., and Cesa European.

## N.W. SECURITIES 65% AHEAD

An advance of 65 per cent. in taxable profit was achieved by Bank of Scotland Group subsidiary North West Securities, in 1976.

## Macfarlane second half recovery

A SECOND half leap in taxable profit from £204,605 to £412,592 enabled Macfarlane Group (Clansman) to increase the full-time figure for 1976 by £16,987 to £822,592 on sales of £7.69m. against £7.58m. This followed a sharp decline in the first six months, from £401,000 to £210,000, mainly attributable to the fall off in demand from the whisky industry from where the company derives about a third of its sales.

In the first quarter of the current year trade has been at a higher level and this increased demand is expected to continue. The group remains in a strong financial position and the directors are confident that they will be able to take advantage of expansion opportunities as they arise, Mr. Norman Macfarlane, the chairman, tells members.

Of several acquisition possibilities considered during 1976 some are still being appraised, he says.

Stated earnings per 25p share were down at 5.27p (5.8p) and a net final dividend of 1.789p lifts the total to a maximum permitted 3.439p (3.126p).

At year end short-term deposits stood at £0.28m. (£0.58m.) and bank balances at £.13m. (£16,879). An analysis of sales and profit shows packaging, printing and office supplies £5.34m. and £0.39m. (£5.22m. and £0.35m.) and plastics and metallising £2.36m. and £0.23m. (£2.36m. and £0.26m.).

Increased profitability was achieved in the second half by all group companies except for Macfarlane Business Forms where the loss was reduced to £33,772. The directors expect to eliminate the deficit position by the end of 1977.

Daniel, Montgomery and Son has been involved in producing a new generation of bottle pourers and closures. The initial reaction of the whisky trade has been enthusiastic and one or two of these are seen as making contribution to current year profits, the chairman reports.

Meeting, Glasgow, on May 20 at noon.

## W. H. SMITH

In the event of a reduction in the basic rate of income tax, a deferred final dividend of 0.205 pr cent. on the "A" and "B" ordinary for 1976-77 will be recommended by W. H. Smith and Sons (Holdings).

# ISSUE NEWS AND COMMEN

## Farnell raises £1m. by 1-for-4 rights

Farnell Electronics is proposing to raise £900,000 by way of a one-for-four rights issue at 80p per share. The company is also forecasting a rise in the dividend from 3.8318 to 6.5p for the current year.

In the year to January 1, 1977 group turnover increased from £10.18m. to £14.13m. and pre-tax profits rose from £1.39m. to £1.97m. Earnings per share are up from 13.5p to 18.8p and the dividend is up from 3.4835p to 3.8318p per share.

Proceeds of the issue will be used to repay current indebtedness and to finance further expansion. The Board believes this expansion should be financed by permanent capital.

Although there is no forecast of profit for the current year the board believes the company will have another successful year.

The rights issue is underwritten by Sandleson and Co. for a commission of £19,850 out of which they will pay a sub-underwriting commission of £14,887.

Dealings are expected to start on April 27.

### ● comment

Farnell appears to be taking advantage of a substantial jump in profits (42 per cent. pre-tax) after an unexciting performance over the past couple of years, to come up with a dividend-raising rights issue. Net borrowings are undisclosed, but the debt figure of £1m. is no worse than a year ago when the company also had cash and deposits of £1.4m. details are disclosed on the f[illegible] expansion, but if Farnell [illegible] employ this £1m. at the same [illegible] of return as the 31 per [illegible] return on net capital empl[illegible] achieved in 1976-77 shareho[illegible] should not be worried. [illegible] information, however, is requ[illegible] on the further expansion th[illegible] being financed by this issue. dividend is to be raised by 70 cent. for an ex-rights yield 8.4 per cent. at 128p, and the [illegible] discount (over a third) sh[illegible] ensure success, and underwri[illegible] will probably prove an unne[illegible]sary precaution.

## ENGLISH PROP. CONVERSIONS

Holders of £4,536,985 of Eng[illegible] Property Corporation 6½ per c[illegible] convertible unsecured loan s[illegible] 1998/2003 and holders of £17[illegible] 12 per cent. of convertible [illegible] secured loan stock 2000/05 e[illegible] cised their rights to convert t[illegible] respective holdings into fully [illegible] Ordinary shares. As a re[illegible] company will have in is[illegible] 93,709,755 Ordinary sh[illegible] (excluding 450,000 fully [illegible] ordinary shares relating to exe[illegible] tives' share incentive sche[illegible] which do not at pres[illegible] carry any voting or divid[illegible] rights), of which Eagle Insurance will hold 25,477,[illegible] shares (27.2 per cent), hav[illegible] exercised its right to convert holding of £993,000 6½ per c[illegible] stock.

## B.S.G. doubles to £4.7m.

AFTER being up from £1.25m. to £1.81m. at halfway, pre-tax profit of B.S.G. International was a record £4.7m. for 1976, which is more than double the previous year's £2.35m.

Mr. H. G. Cressman, chairman, reports that material changes have been made to the group structure which have borne fruit in the past year and which the directors are confident will enhance prospects.

Interest rates in 1976 were particularly high especially in the second half—the current year has seen a significant drop in these from which B.S.G. is benefiting and the prospect of a further reduction is most encouraging, he adds.

The current year has started on an extremely satisfactory note with profits materially higher for the first quarter than for the comparable period last year. He is confident the future will be rewarding for everyone associated with B.S.G.

The second half of 1976 showed an improvement over the first half 59 per cent. even though interest rates were appreciably higher during this period, he states.

The vehicle component manufacturing companies in the U.K. and Europe have benefited from the continued resurgence in the motor industry.

Trading at vehicle dealersh[illegible] throughout 1976 was very buoy[illegible] and resulted in greatly improv[illegible] profits. Regrettably, suppli[illegible] were continually short of vehic[illegible] which lost the company sales many thousands of cars, vans a[illegible] trucks during a period when t[illegible] market place was showing healthy resurgence.

Basic earnings per 10p sha[illegible] for the year are 6.21p (2.42p) a diluted 5.30p (2.5p). Final di[illegible] dend is 1.1375p, which compar[illegible] with a forecast of 0.975p, for total of 1.625p (0.65p).

### ● comment

Even stripping out some £800,0[illegible] of exchange gains, BSG b[illegible] turned in pre-tax profits high[illegible] by two-thirds. No doubt the c[illegible] distribution side had a good ye[illegible] in common with the other maj[illegible] distributors, but BSG is now [illegible] per cent. a manufacturer. In th[illegible] respect the after-sales market looking particularly promising [illegible] safety equipment such as Brita[illegible] seat belts, though BSG is we[illegible] represented in motoring ancillar[illegible] equipment right up to aeroplan[illegible] seats. This year, given a resur[illegible] ence of commercial vehicl[illegible] demand, continued buoyancy fo[illegible] new cars, and further develop[illegible] ment of accessory equipment BSG could be heading for £10m[illegible] of trading profits, or £8½m. pre tax. If so, dividends could b[illegible] 3½p gross, for a yield of 12½ pe[illegible] cent. at 28½p. That combine[illegible] with a current p/e of 5 on dilute[illegible] earnings sounds healthy enough but the market is unlikely to lose sight of the mammoth gearing. Borrowings are still around £33m. against net shareholders' funds of £11m. and a market capitalisation also around £11m.







Financial Times Tu

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# TI's business strategies are coming through in profits

In his statement to shareholders the TI Chairman, Mr. Brian Kellett, says: **"We are now beginning to see the fruits of deliberate strategies over recent years aimed at much improved performance. The results of our efforts have so far come through most strongly in the Steel Tube and Aluminium Divisions". In other areas "much of the groundwork has been done and we are confident that we are now moving strongly in the right direction. We have a range of basically sound businesses making products people want and are likely to go on wanting".**

Despite the continuing recession in the UK and in many overseas markets, the value of TI's sales increased by 16% in 1976 to £716 million, while profit before tax rose 17% to £49.6 million. Although the seasonal rate of profits is normally higher towards the end of the year, it is notable that in 1976 £31.1 million of the profits were earned in the second half. This performance represents considerable progress in a number of TI's key business areas.

## Progress in the Divisions

The *Steel Tube Division* had a good year. The substantial capital expenditure over recent years at the major seamless tubemaking plants at TI Weldless and TI Desford and on gas cylinder manufacture at TI Chesterfield has proved very successful. Effective operation of these capital-intensive plants requires an assured supply of consistently high quality steel. For this reason TI has backed the continuous casting scheme at Round Oak Steel Works, jointly owned with the British Steel Corporation; steel from the new unit is now being processed in the tube works with excellent results.

The *Cycle Division* recovered well in 1976. Its world wide spread of business enabled the effects of the collapse of the USA market to be offset by increased sales in other markets, particularly Nigeria. Substantial sums have been committed to two expenditure schemes at Sturmey Archer and Cox of Watford to improve plant layout and productivity.

The *Domestic Appliance Division* had a difficult year as a result of the low UK demand for consumer durables. Reorganisation programmes have now brought capacity in all the Division's significant products into proper relationship with prospective demand, while extensive plant re-equipment programmes are beginning to show results. Improved prospects for 1977 are evident.

In the *Engineering Division*, Crane Packing maintained its excellent performance. The Transport Equipment companies made good progress, demand for their products being related to the steadily increasing vehicle population rather than to the vehicle manufacturing sector.

1976 was a year of low demand for machine tools. Numerically controlled machines are, however, seen to have great growth potential for *Machine Division*. An important re-equipment programme has been put in hand at Charles Churchill.

*Industrial Electrical Division* maintained its profits, despite its close dependence on the currently depressed construction industry. *Allen West & Simplex-GE Division*, which acquired Wallacetown in 1975, has successfully extended the flameproof component business, which is well equipped to meet increasing demands for coal-mining equipment.

### Divisional Sales and Profit Before Loan Interest

| | Sales | Profit |
|---|---|---|
| | £ million | |
| Steel Tube | 231.5 | 26.6 |
| Cycle | 107.9 | 6.1 |
| Domestic Appliance | 114.1 | 1.0 |
| Engineering | 60.6 | 3.7 |
| Machine | 41.9 | 0.8 |
| Industrial Electrical | 15.5 | 0.5 |
| Allen West & Simplex-GE | 29.7 | 2.8 |
| Consumer Finance | 3.4 | 1.4 |
| Overseas | 111.8 | 7.9 |
| Service and other companies | — | (0.3) |
| Aluminium: Proportion of BA Group profit before tax attributable to TI | — | 6.4 |
| | 716.4 | 56.9 |

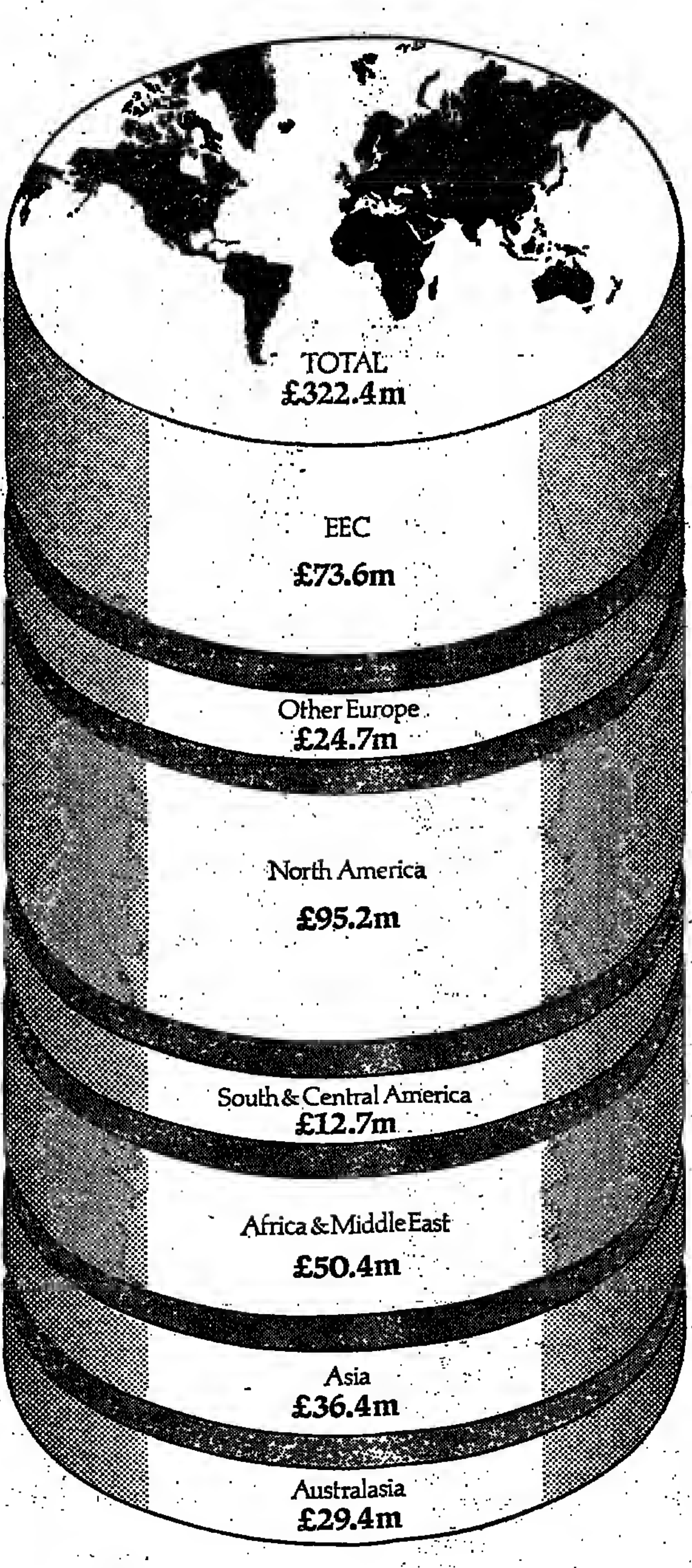
*British Aluminium* achieved a substantial expansion in profits as the result of a comprehensive business strategy following up the commissioning of the Invergordon smelter.

## TI's spread of business

TI's business is spread between the UK and overseas markets, and between capital and consumer goods. Much of the credit for the increase in sales in 1976 is due to overseas business, both locally by the Group's overseas subsidiaries, and from exports from the UK based companies.

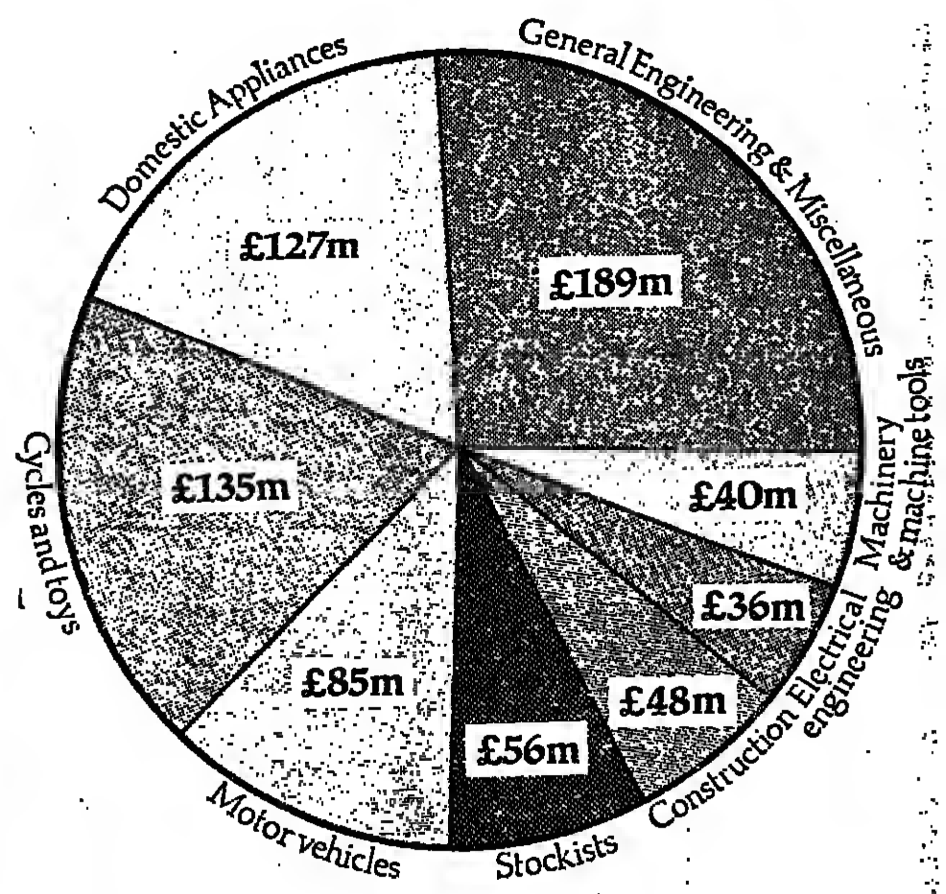
Sales to overseas customers rose by £62 million to £322 million, an increase of 24%. TI's overseas spread is shown on the diagram below and illustrates the continuing importance of North America and the EEC. Of the Group's total sales, 45% now come from overseas or export business.

**Geographical Distribution of Overseas Sales**




The end uses of the Group's sales are approximately as shown in the chart below.

**Sales by End Use**




TOTAL – £716 million

## Capital expenditure and cash

In 1976 TI devoted £21.9 million to capital expenditure schemes – an increase of 41% on the figure for 1975 – and it is intended to increase the rate of spending still further in the future. Half the expenditure is aimed at reducing costs through modernising plant and machinery. 80% of the spending is on projects in the UK, though overseas investment is also a vital support to TI's UK businesses.

The increased capital expenditure programme, together with the need to spend more on working capital to service the increase in sales, led to a planned increase in TI's borrowings. Part of the increase was also due to a revaluation of the Group's borrowings in overseas currencies, but Mr. Kellett sounds a note of warning in the TI Report to Employees: "We did not generate enough cash last year to meet all our needs, and our borrowings increased by £18 million during the year. This demonstrates that if we are to continue with our spending programmes, which are so vital for our future, we need much higher profits yet. I am sure this is the right course for TI – to develop into a high-profit, well-equipped Group".

## Where TI stands

In his statement to shareholders Mr. Kellett writes: "We are clear that the final test for us is in the market place. We must produce goods and services which we are able to sell in sufficient volume and at a sufficient price to enable us to generate enough profit to sustain our businesses for the future. That requires us to be at least as well-equipped as our international competitors, and as efficient and productive in our processes and our working practices".

Referring to employee participation in industry he states: "TI has long recognised that people want to know and should know what is going on in the areas that concern them and their work. They want to understand the decisions that affect them and to be able to feel confident that these decisions are sensible and based on rational criteria. Only if these reasonable aspirations are met can the conditions for a successful business be created and sustained. Among these conditions are pride in product and performance, and the identification of job security with company prosperity and of individual reward with contribution to that prosperity".

He rejects the Bullock proposals as potentially damaging and writes: "The constructive approach we are adopting in TI is to continue our efforts to improve communication at operating levels about the progress and prospects of the businesses, and to develop closer understanding and involvement by employees in the business developments and decisions that may affect them".

TI Group

*Copies of the TI Annual Report for 1976, containing the Chairman's Statement, a Business Review and the Directors' Report and Accounts, may be obtained from the Secretary, Tube Investments Limited, TI House, Five Ways, Birmingham B16 8SQ.*

# Simon Engineering even better with over £10m.

Including net interest earned of £0.74m. against interest paid of £0.34m. Simon Engineering expanded pre-tax profit for 1976 by £3.9m. to a record £10.6m. on sales up from £164.25m. to £198.77m. An advance was indicated at half time when profit was ahead from £2.3m. to £3.52m.

Profit for the year was struck after charging £1.83m. additional provision to offset the effects of inflation on pension funding arrangements and currency gains of £0.57m. (£0.22m.), a greater part of which were not taxable.

The directors say they are confident that the progress made in the last few years will be continued in 1977. The financial position of the company is strong and further expansion is planned. As in the past the Board will promote and support growth in those activities and markets which have the greatest potential.

Stated earnings per 25p share before extraordinary debits of nil (£0.2m.) were 26.6p (13.6p and 12.6p after), and a net final dividend of 4.5323p lifts the total to a maximum permitted 6.9233p (6.3203p).

| | 1976 £000 | 1975 £000 |
|---|---|---|
| Sales | 198,773 | 164,254 |
| Depreciation | 1,511 | 1,443 |
| Trading profit | 9,212 | 6,621 |
| Share assocs. | 667 | 414 |
| Net interest | 743 | 338 |
| Pre-tax profit | 10,597 | 6,697 |
| Taxation | 4,608 | 2,391 |
| Minorities | 524 | 426 |
| Extraord. debit | — | 186 |
| Attributable | 5,463 | 2,447 |
| Dividends | 1,459 | 1,330 |
| Retained | 4,004 | 1,117 |

Adoption of the accounting standard on stocks and work-in-progress by two subsidiary companies resulted in a surplus of £0.62m. which was treated as a prior year adjustment.

● comment

Adding back the pensions top-up, Simon's profits are 85 per cent. ahead pre-tax. The reason has been some loss elimination, while the turnround to interest receivable accounts for more than a quarter of the pre-tax upturn. But the underlying performance was strong with margins widening by almost a third against 1975. At 164p the p/e is 6 and backed by a well covered yield of 6½ per cent. Balance sheet net cash could be worth some two-fifths of the current £22½m. market capitalisation; and Simon expects continued profits growth in 1977.

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## BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TO-DAY

Interims:—Lighting and Leisure Industries, Newman Granger Industries, Spencer Gears, Unochrome International.

Finals:—Belgrave (Blackheath), Bodycote International, Brook Street Bureau of Mayfair, Davies and Newman, Ellis and Goldstein, F. C. Finance, Fairbairn Lawson, Farnell Electronics, Hoskinsons, Newarthill, Richards and Wallington Industries, Siemssen Hunter, Sears Holdings, Silentnight, Stylo Shoes, Tace, Remsley and Milbourn.

FUTURE DATES

Interims:—

| | |
|---|---|
| Common Bros. | April 28 |

Finals:—

| | |
|---|---|
| Aberdeen Construction | May 5 |
| Barr and Wallace Arnold Trust | May 10 |
| Flight Refuelling | May 3 |
| Hamilborne | April 28 |
| Lyon and Lyon | April 27 |
| Minet Holdings | April 27 |
| Office and Electronic Machines | April 28 |
| Peninsular & Oriental Steam Nav. | May 4 |
| Pickles (William) | May 3 |

Company increased from £192,974 to £289,610 during 1976.

U.K. tax takes £3,257 (£4,245), Kenyan withholding tax was £18,147 (£10,442) and Indonesian tax £17,920 (£14,366).

The dividend per £1 share is 25p (20p).

# Over £1m. for Brooks Watson

A RISE IN second half pre-tax profit from £485,000 to £722,000 gave Brooks Watson £1.2m. for 1976 compared with £0.7m., an advance of 73 per cent. Turnover was £13.83m. ahead at £66.99m.

The directors state that although the effects of the recession and inflation are still evident in the economy, the group expects to make continued progress during the current year.

| | 1976 £000 | 1975 £000 |
|---|---|---|
| Sales | 66,990 | 53,161 |
| Profit before tax | 1,202 | 696 |
| Taxation | 159 | 25 |
| Net profit | 1,043 | 671 |
| Extraordinary debits | 40 | 116 |
| Minority interests | 3 | 5 |
| Attributable | 1,000 | 662 |
| Dividends | 313 | 160 |
| To revenue reserves | 687 | 502 |

† Credits.

The final dividend of 1.3p net per 20p share lifts the total to 1.82p, compared with last year's single payment of 1.04p. Earnings were shown to be ahead at 6.08p against 3.88p.

In the builders' providers division, a profit was recorded of £307,000, against a loss of £44,000. This turnabout is welcome, the directors state, but conditions in the construction industry remain difficult. Brooks Haughton in Cork and Brooks Hanley in Sligo had a satisfactory year, but operating costs in Brooks Thomas Dublin remain too high in relation to trading volume and margins, they add.

# Increased profit for Hawtin

FOR THE year ended January 31, 1977, Hawtin has made a further recovery in profits, from £327,000 to £394,000. No Ordinary dividend is being recommended, but payment of the Preference arrears (from July 1, 1974) will be considered during the current year.

Earnings per share are shown at 1.32p (0.60p). Tax has been reduced by ACT of £227,918 written off in previous years and now carried forward as an asset and deducted from deferred tax liabilities of certain subsidiaries against which its will be recoverable when such liabilities become payable.

| | 1976-77 £000 | 1975-76 £000 |
|---|---|---|
| Turnover | 4,712 | 2,862 |
| Profit before tax | 394 | 327 |
| Taxation | 30 | 126 |
| Minorities loss | 3 | 1 |
| Pre-acquisition | — | 134 |
| Net profit | 329 | 32 |
| Extra-ord. items | 33 | [illegible] |

* Included Planet Gloves (Industrial) for nine months.

## NEW FOOD COMPANY

Mr. James Gulliver, formerly chairman and chief executive of Fine Fare and latterly chief executive of Oriel Foods, has formed Gulliver Associates "with the object of identifying and investing in a number of situations within the food sector and certain related consumer markets."

He will be chairman and principal shareholder. Other executive directors and shareholders will be Mr. Alistair Grant, Mr. David Webster and Mr. Martin Socrell.

# Sennah Rubber

Pre-tax profit of Sennah Rubber

# Record £16m. by John Laing

COMPARED WITH a forecast of more than £14.3m., taxable profit of John Laing and Son was £16.23m.—a record—for 1976, compared with £12.59m. last time, after being up from £5.97m. to £8.16m. at halfway.

The year-end profit is struck after a £2.24m. (£1.88m.) provision for reduction in the value of land held for future development and, due to modification of accounting principles, is greater by £0.16m. than would have been declared on a 1975 basis.

Turnover, including share of associates, increased from £348m. to £406m.

To meet close company legislation the dividend total is being increased to 2.52375p with a final of 2.07375p. In the previous year the total was 1.4770833p adjusting for the one-for-five scrip issue.

Before provision for the reduction in land value, stated earnings are 14.8p (12.8p adjusted) and after 12.2p (10.9p adjusted).

Sir Maurice Laing, chairman, says that although the overseas market is far from easy, the widening of activities, both in construction and property development, and the further strengthening of the organisation should ensure the group of long-term benefit.

However, as the Board provides for both actual and future losses, while continuing to exercise great care before taking profits on work in progress, it will be some time before profits in this field appear to be adequate.

In the meanwhile profitability on existing home contracts, and other activities should—barring accidents—ensure a satisfactory profit for at least the year ahead. In to-day's circumstances it would be unwise to prophesy further.

Particular attention has been paid to the continuing need for prudence in identification of profits on uncompleted construction contracts, it is stated.

Liquidity improved by a further £14.6m. in 1976. With net cash resources of £26.8m. at year end the group is well placed to meet outstanding capital commitments and take advantage of further investment opportunities at home and overseas.

See Lex

# Assocd. Biscuit U.K. decline explained

Mr. R. P. Carr, the chairman of Associated Biscuit Manufacturers, says that the main reason for the decline in the group's U.K. profits in 1976 was the reduced margin in the biscuit division, due partly to exceptional cost increases.

In addition, Huntley Boorne and Stevens, the group's tin box and light engineering division, took longer to recover from the recession than was expected and traded at a loss. Trading in recent months has improved, Mr. Carr says.

Group pre-tax profit in 1976 advanced from £9.74m. to £10.17m. and dividends were raised from 2.6p to 2.83p net per

# Depressed start by London Brick

TRADING AT the London Brick Company in the opening weeks of the current year has been at a depressed level, reports Sir Ronald Stewart, chairman.

Brick deliveries have been adversely affected both by the waterlogged condition of building sites and by the poor demand for new building. Recently, however, there have been signs of an improvement and the level of stockpiling has been somewhat reduced.

The chairman says that the continuing fall in MLR and the consequent improvement in the flow of funds into building societies gives him reason to hope that the climate for private house building is now improving and this will in due course be reflected in an improvement in private housing starts.

If this is the case the heavy brick stocks accumulated over the winter period will stand the group in good stead over the peak of the building season.

Sir Ronald says that the unfavourable outlook for construction prompted the group to take a further step into the related field of home improvement, with the successful offer for Croydex, makers of rubber and plastic products for the home and garden. This purchase will further reduce the company's dependence on the cyclical nature of new housebuilding and will broaden the service provided to the individual householder.

In 1976 group pre-tax profits increased from £9.79m. to £10.52m. On a CCA basis the profit would become £7.9m.

The chairman says that the gain in profit would have been greater had not bad weather and more particularly the effects of the Government measures on housebuilding adversely affected brick deliveries in the closing months of the year.

Again the main market was hit by cuts in Government spending in the public sector together with the damaging effect of high interest rates in the private sector.

The chairman says that the group's vulnerability to the cyclical nature of the construction industry is well known and has led the group in recent years to broaden its base in this country and to seek new markets overseas.

Export sales have shown a dramatic increase reaching £1.40m. representing efforts to extend overseas activities. The new factory at Tehran will come on stream in the autumn and will be the first plant abroad to use the London Brick system of manufacture.

At the year end there was an increase in cash balances of £3.76m. (£3.6m.). At December 31 cash and deposits stood at £11.85m. (£7.85m.).

Meeting Connaught Rooms, WC, May 19 at noon.

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# Setback at Utd. Guarantee

After a halftime turnround from a pre-tax loss of £35,187 to a profit of £925, United Guarantee (Holdings) slipped back into loss in the second half to end the year to September 30, 1976, with a pre-tax loss of £115,760 against £79,700. Turnover was ahead from £4.61m. to £4.95m.

After a tax credit of £37,621 (£31,421) and extraordinary debits of £56,808 (£10,014), the loss attributable was £135,047 (£58,293). There was no dividend, and the company has not paid a dividend since the 0.2p net per 5p share for 1974.

# Silhouette upturn with £0.5m.

ON SALES, which showed per cent. rise in the second to reach a full-time total £11.53m. against £9.57m., Silhouette (London) improved taxable in 1976 from a depressed £1 to £626,719. Profit in the six months—up 75 per cent £0.37m.—had benefited elimination of residual losses curred in the closure of the pany's Plymouth plant.

Turnover in the first half up 11 per cent., and for the direct exports from the improved by 45 per cent. directors report that sales in first quarter of the current show a satisfactory increase with inflation continuing margins are once again under pressure.

Stated earnings per 20p s were more than doubled at (2.2p) and a net final dividend 2.3025p lifts the total to 3.2 (2.925p).

The tax charge was £38 (£125,206) leaving a net bal of £160,214 (£63,795).

The comparative figures been adjusted for a change accounting for stock and work progress in line with accounting standards.

The company manufactures foundation garments, swimwear, beachwear and children's wear.

# British Inv earnings up

Basic earnings per 25p share of the British Investment Trust increased from 3.55p to 4.36p for the year ended March 31, and fully diluted they are from 3.52p to 4.23p.

Revenue amounted to £5.5 against £4.48m., subject to of £1.65m. (£1.39m.).

The dividend is stepped from 3.5p to 4.3p, with a final of 2.3p.

Net asset value per Ordinary share was 167p (182.5p) or 17 (171.5p) assuming full conversion.

# London & Manchester Assurance

Last year was one of reorganisation for London and Manchester Assurance, reports Mr. Lewis G. Whyte, in his chairman's statement for 1976. The company acquired from National Westminster Bank its 49 per cent. shareholding in Welfare Insurance and that company became a wholly-owned subsidiary of L. and M.

The directors deemed it prudent to transfer at proper value certain assets from Welfare to L and M to avoid problems of valuation and admissability under the Insurance Companies Act 1974.

As part consideration for this, the liabilities relating to a substantial block of appropriate life assurance business were also transferred by way of re-assurance. Mr. Whyte states that Welfare no longer requires any dispensation from any regulations and this action would result in Welfare becoming a profitable subsidiary much quicker.

Mr. Whyte reports another satisfactory year for the company with increasing premium income, higher yields on the funds and success in controlling the rise in the normal expenses of operation.

The report for last year shows that premium income rose by 7 per cent. to £11.2m. in the ordinary branch and by 11 per cent. to £12.1m. in the industrial branch with investment income rising by 19 per cent. and 15 per cent. to £10.4m. and £8.9m. respectively. Claims and expenses rose dramatically in both branches so that over the year the ordinary branch fund rose by £25m. (including Welfare) to £114m. and the industrial branch by £6m. to £87

Premium income in the general branch increased by 17 per cent to £2.6m. but because of adverse claims experience a loss of £196,000 was recorded. already reported pre-tax profit for 1976 amounted to £1.37m.

The level of new business Welfare for 1976 was below on the previous year, although pensions business showed healthy increase. This decline arose from a reorganisation of the direct sales force into a smaller but more economic unit. The expense ratio of Welfare was reduced from 32.2 per cent. to per cent. and reflects the efforts to secure new business economic levels and control costs of organisation.

Investment policy of the group last year resulted in £9.7m. being put into mortgages on property and £5.2m. in property, figures which include expenditure on the chief office building at Winslade Manor and transfer of assets from Welfare. A further £1. was invested in gilts, £5.1m. debentures and loans. The yield on the life funds rose to over 11 per cent. from 10.27 per cent. in 19

Mr. Whyte reports that the group has made excellent progress towards promoting all forms of personal contracts and has made a good start in the first quarter of the current year. He expresses his firm belief that prospects for growth and profitability are better now than at any other time in recent years.

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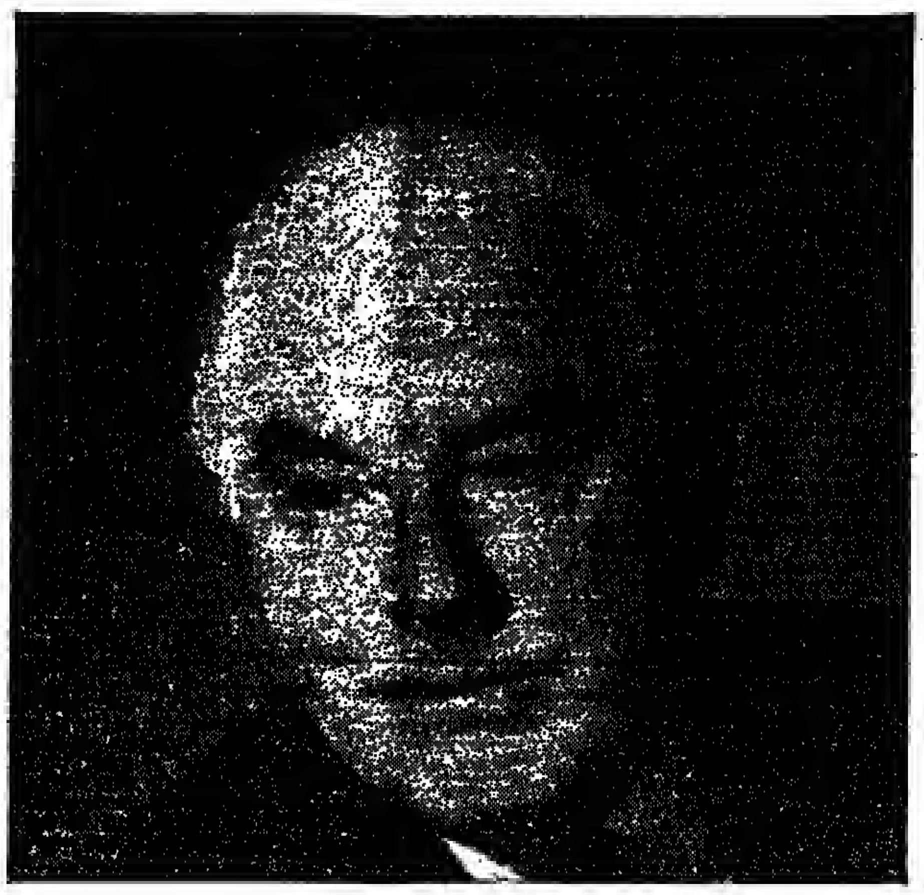
# LONDON BRICK COMPANY LIMITED

## Sir Ronald Stewart, Bt., Announces Record Results and Comments on Monopolies Commission Report



The following are extracts from the circulated statement of the Chairman, Sir Ronald Stewart, Bt., for the year ended 31st December, 1976:

### FINANCIAL

Profits for 1976 were in excess of those of the previous year and established a new record for the Group. Turnover increased from £66,964,000 to £76,580,000, and for the first time the value of export sales exceeded £1,000,000. Profits before charging depreciation amounted to £12,141,000, compared with £11,340,000 for the previous year. After charging depreciation of £1,620,000 compared with £1,549,000, the profit before taxation was £10,521,000 compared with £9,791,000, an improvement of 7 per cent.

After providing corporation tax at 52 per cent. the profits after taxation amounted to £5,196,000, compared with £4,606,000 for the previous year.

A provision of £900,000 has been made against the cost of investments held by the Group.

On the Ordinary Stock an interim dividend of 1.1323p per Ordinary Stock unit of 25p, has been paid, and a final dividend for the year of 1.7576p per Ordinary Stock unit is recommended. The total dividend for the year on the Ordinary Stock is the maximum amount permitted by the Treasury.

The retained profit for the year amounted to £2,581,000 and has been transferred to reserves.

### TRADING YEAR

Although profits, before taxation, constituted a new record and turnover showed a further increase, the gain would have been greater had not bad weather and more particularly the damaging affect of Government measures on housebuilding adversely affected brick deliveries in the closing months of the year. Once again our main market was hit by cuts in Government spending in the public sector combined with the damaging effect of high interest rates in the private sector, and the stability for which the industry craves was once again denied us. Our vulnerability as a process industry to the cyclical nature of construction in this country is by now well known and has led us in recent years both to broaden our base in this country and to seek new markets overseas.

### MONOPOLIES COMMISSION REPORT

The report of the Monopolies Commission into the supply of building bricks which came out in the summer of 1976 was of course mainly concerned with our own brickmaking operations and whilst its findings are now largely historic they do deserve some special comment in this year's statement.

First we were impressed by the depth and thoroughness of the report and by the fairness and impartiality shown by the Commissioners and their staff in tackling such a complex and difficult task.

Secondly, there must inevitably be a certain degree of conflict between the Commissioners who are seeking to establish where the public interest lies and your management whose job it is to expand the business in the best interest of stockholders and employees.

### MONOPOLY OF FLETTON BRICKS

Central to the Commission's findings is, of course, the fact that the Company supplies over 40 per cent. of the market for building bricks and that its dominance of fletton brickmaking has undoubtedly given it substantial additional market power. Stockholders will recall that this complete monopoly of fletton brickmaking is relatively recent and has been brought about by the acquisitions of Marston Valley Brick Company Limited in 1968, the fletton brickworks of Redland Limited in 1971 and those of Whittlesea Central Brick Company Limited in 1973. The Company saw the acquisition of these works as a sensible and logical step. It was confident that its efficiency could be further increased if the scale of its operations could be enlarged and it considered this to be necessary in order to meet competition from alternative materials and methods of building. The Commission concluded that the Company welcomed the opportunity to acquire its remaining competitors in fletton brickmaking but that there was no evidence that its present complete monopoly position was deliberately and specifically sought. Indeed it went further than this and suggested that they had no reason to doubt that in terms of fletton brick manufacture London Brick's efficiency was superior to that of its erstwhile competitors.

### PRODUCTION

The Commission was obviously impressed by the Company's experience and skill in the manufacture of fletton bricks and the steps it had taken both to build new works and to bring the efficiency of works that it had acquired up to its own overall standard of efficiency. They noted, however, that the Company had quite understandably kept in production older and higher cost works and that these had acted as a valuable buffer against the vagaries of the building cycle. After thoroughly examining the Company's record of investment in replacement plant and in evaluating the economics of building new works as against maintaining existing plant, the Commission recorded that they saw no grounds for criticism of the Company's recent investment performance or of its current strategy.

### DEMAND

The overall figure of 326,000 houses started in 1976, whilst much the same in total to the previous year, masks a continuing rise in starts in the first half of the year, followed by a fall which gained momentum as the year progressed. As the Monopolies Commission pointed out, the brick industry has suffered more than perhaps any other producer of building materials from fluctuations in construction activity, not only because of the high proportion of bricks used in housing—the most cyclical sector—but because bricks are a starter material in the construction process and there is, therefore, little pre-warning of rapid changes in demand.

It pointed out that such fluctuations create additional costs and increase the risks of investment and concluded significantly that "there are no remedies short of a more stable climate for the industry for which Government has a special degree of responsibility".

### SERVICE

In a year in which our marketing organisation had some difficulty in meeting customers' full requirements over the summer period only to be faced by cancellation of orders and cutbacks in deliveries as the year progressed, it is again worthwhile to relate our performance in terms of service to the consumer to the evidence provided to the Commission and the conclusions drawn from it. The Commission was under no illusions as to the root cause of our inability at certain times to meet the full requirements of the trade. They had however to investigate whether at times when fletton bricks were in short supply, our sales staff sought to deal fairly with all our customers and in particular to provide a proper balance between bricks supplied direct to builders and those supplied through merchant channels. In fact, the evidence demonstrated conclusively that the Company has for many years supplied bricks on a regular basis to all areas of the United Kingdom, that they have long established Sales Offices and local delivery depots in all parts of the country, and that supplies to particular regions are quite unaffected by the overall demand for bricks at any particular time.

Apart from delivery service, the Commission was given evidence on the way in which the Company sought to maintain a good standard of brick quality in what is perhaps still the lowest cost component used in building. Figures given in the report showed that the number of complaints received in relation to bricks delivered was minimal.

### PRICES

Whilst in 1976 the pace of wage inflation slackened, the inexorable rise in the cost of fuel and those other materials and services which we have to obtain in order to manufacture and distribute fletton bricks continued. As a consequence, price increases notified to the Price Commission had the effect of raising the average delivered cost of fletton bricks by 17 per cent. during the year. The Monopolies Commission, judging the London Brick price record over a 20-year period, noted that the Company sought to achieve its profit objectives by increasing the volume and efficiency of its production rather than by raising prices and concluded that the Company had at no time exploited its monopoly position to charge excessive prices.

### DISTRIBUTION

The one practice operated by the Company which was felt by a majority of the Commission to be against the public interest lay in the field of distribution. I say majority because even with this criticism, one member of the Commission felt sufficiently strongly to sign a note of dissent supporting the policy adopted by the Company. The practice related to the treatment of delivery charges in the compilation of the Company's delivered prices for bricks at distant points and whilst rather unimportant in commercial terms, is interesting in the broader context of seeking to decide where the common interest lies.

Before the War when London Brick was seeking to expand its markets throughout the country, a policy was adopted of seeking a lower return on the price of bricks delivered longer distances from the works from those delivered nearer home. This was unashamedly designed to establish wider markets for the fletton brick at a time when the "fletton" was not nationally accepted and when a few pence off the price could mean the difference between winning or losing an order. Those days have long since gone and for some years the sale of LBC bricks has been firmly established throughout the country at prices considerably below those of its competitors. The practice however of accepting some lower margin on bricks delivered over longer distances and balancing this by rather higher margins in bricks delivered nearer home has been maintained for rather different reasons. It was believed that, as fletton bricks are a basic material for building and particularly used in low cost housing, it was in the interest of both our builder and local authority customers engaged in brick construction to apply some element of levelling in the prices charged throughout the country. Secondly, it was felt that through maintaining a large volume of business at distant points we would gain the same additional benefit of economy of scale, both in our production and perhaps more important in our methods of distribution. So successful has in fact that policy been that in recent times the element of "subsidy" on bricks delivered to distant points has been greatly reduced and now only represents a maximum of about 7 per cent. on the delivered price.

The Commission in deciding that this practice contravened the public interest stated that they had no wish to discourage London Brick's further penetration of the brick market, but thought that "the Company should, so far as it is reasonably practicable so to do, relate its transport charges to the customer to the cost of delivery to him".

In commercial terms, the adoption of the Commission's recommendation will have only a marginal impact on the Company's sales at distant points, and we shall of course co-operate with the Office of Fair Trading in bringing about the necessary changes in our pricing structure.

### BRICK BANK

Another matter on which the Commission suggested some action might be taken was in a study by Government of the desirability of setting up a "brick bank". This was a suggestion originally put forward by the Trade Unions with the laudable object of seeking to preserve greater continuity of employment in the brick industry. The idea, of course, is that in cyclical periods of reduced demand brickmakers should be assisted by Government in the financing of stocks which would be required when demand once again revived. The recommendation is at present being considered by Government. To our mind it treats the symptom rather than the disease and Government would be better employed as the largest client of the building industry in seeking to provide some greater continuity and stability in its demands on the industry rather than in seeking to ameliorate the ill-affects of the present instability.

### INDUSTRIAL RELATIONS

If close and affective relations are to be maintained, a continuing dialogue must take place between representatives of both sides, not only on matters relating purely to terms and conditions of employment, but on all major problems and opportunities confronting the industry.

One of the difficulties encountered in seeking to achieve this is that if higher management seek to talk directly to Trade Union officials and shop stewards, senior staff and middle management who are not at present unionised but who are vital to the success of the Company's operations, can often feel left out of day to day consultation. It is because of this that we are experimenting with new forms of regular consultation where representatives of senior staff can hear from executive directors on the overall progress of the Company and discuss with them matters of policy. In terms of the Bullock Committee Report on industrial democracy, it is perhaps worth mentioning that in the case of your own eight executive directors, they have between them some 173 years full time service with the Company—an average of 21 years per man—during which time they worked their way up to their present positions on the Board, and are therefore particularly well qualified to understand the aspirations of employees and to balance these against the equally important rights of stockholders and the interest of the consumer, without whose continuing support we could not gain our livelihood.

### MANAGEMENT

One of the aspects that concerned the Monopolies Commission was whether in the absence of competition within the fletton industry there was sufficient spur to the Company's management in seeking to improve service to the customer, reduce operating cost, develop new methods and products and generally to strive for greater efficiency. The Commission concluded "LBC claims that virtually all innovation in the fletton industry has originated within the Company. We have not been able to test these claims but have no reason to doubt them. We note innovations such as Selfstak and the development of the Flatliner service and its initiative in the design of 'new generation works'. We have noted also its methods of monitoring its external efficiency and the development of its operational and scheduling model for the efficient control and development of the Company's operation. We have already referred to LBC's general investment policy and performance. Our broad conclusion is that LBC is efficiently managed."

### PROFITABILITY

The Monopolies Commission were satisfied that the Company had not used its monopoly position to make excessive profit out of fletton brickmaking. The report showed that in terms of capital employed on an historic basis, at no time over the last 20 years had the return exceeded 30 per cent. and that the average level of Group profit had been 23 per cent. In a significant passage the Commission stated that they were struck by the consistency of the Company's profit record. "This suggests that the risks attached to LBC brickmaking activities are less than might be inferred from the vagaries of the brickmaking industry. The evidence indicates that LBC has not exploited its market power to raise prices at times when demand for bricks has been strong but has been able to use its market power to raise its prices in a recession so as to recover its profitability." Use of market power in this way is, I would contend, wholly legitimate. Not only does it safeguard the livelihood of those engaged in the industry and protects the interests of stockholders, but it ensures that the industry remains viable and that the customer continues to receive an efficient service in the supply of fletton bricks. The Commission had no criticism or additional comment to make.

### ESTATES

For many years the Company has derived profits from one activity that is wholly divorced from fletton brickmaking and yet consequent upon it. I refer to our farming activities. The Company has been farsighted over the years in its acquisition of claybearing land and its reserves have been augmented by the land acquired from the other fletton brickmakers. Indeed so extensive has this land bank become that the Company has been accused both of forcing its competitors out of business through their inability to obtain the Oxford clay from which fletton bricks are made and also preventing newcomers from entering the field. The Monopolies Commission after undertaking an independent geological investigation of the extent of fletton clay reserves concluded that neither accusation was true. There was no evidence to suggest that former competitors had "surrendered" to London Brick through shortage of mineral and that so far as untapped resources of Oxford clay were concerned, it would be perfectly possible for a new entrant to establish a footing in fletton brickmaking.

### LONDON BRICK LAND DEVELOPMENT

It is sometimes forgotten that the restoration of the Company's worked-out pits, the task performed by our subsidiary company London Brick Land Development, can profitably include the allocation of pits for future water storage. As the Monopolies Commission pointed out some 4,500 acres have been excavated over the years and digging for the valuable Oxford clay continues at a rate of 100 acres a year. There is therefore plenty of scope to redevelop worked-out pits for water storage in addition to reclamation being undertaken through our waste disposal activities. Certainly potential exists in the future for redevelopment of this kind and the creation of new reservoirs in fletton pits not already allocated for other uses would obviate the need to flood further agricultural land and provide new opportunities for development of leisure activities.

At present, however, the profits of London Brick Land Development are mainly derived from the service we provide in the treatment and disposal of waste. Our present day society continues to generate more waste and this has to be disposed of in a way that is both economic and environmentally acceptable. Waste disposal and particularly planning permission to operate new pits excites emotional and sometimes unjustified comment in the media and this often provokes local opposition to new schemes going through. This is perhaps understandable in view of the activities of some "cowboy" operators in the past. It is therefore all the more important to ensure that such operations are carried out by large and reputable companies who are publicly accountable and who have the technological resources to ensure that the best modern practice in the treatment and disposal of waste is adopted. Landfill operations, if properly undertaken, provide a long term benefit to the community in restoring derelict land and provide, environmentally, a better solution than incineration which can itself be a cause of pollution. We believe that the re-use of our pits for waste disposal is just as much in the long term public interest as the earlier extraction of Oxford clay for fletton brickmaking.

### LONDON BRICK BUILDINGS

It seemed a logical step in 1976 to change the name of the Banbury Holding Company to that of London Brick Buildings Limited.

During 1976 the sales of the different companies within London Brick Buildings was to a larger or lesser extent affected by the growing squeeze on disposable incomes. Hardest hit were perhaps those whose products involved substantial outlay to the householder. There was a reduction in demand for garages, home extensions and fencing. On the other hand, the high cost of food in the shops helped to maintain the demand for greenhouses, and Alton with its unique position in this market made a substantial contribution to the overall profit.

The downturn in the home market for some of the Banbury range of products has allowed us to rationalise production and to begin to group operating companies into a divisional structure. As part of this reorganisation, the production of Willan porches and replacement windows has been moved from Willenhall to new and improved premises at Banbury's Ironstone Works, and a new Company, Banbury Display Centres Limited, has been set up to operate the well known Banbury show sites.

### OVERSEAS ACTIVITIES

Once again there has been a dramatic increase in export sales, and whilst this still only represents a fraction of total turnover it does represent a conscious effort on behalf of our management to extend overseas activities.

Last year I spoke at some length of the establishment of our joint venture in Iran and of the formation of Tehran London Brick Company to build a new brickworks at Tehran. The new factory at Tehran will come on stream in the autumn of this year and will be the first plant abroad to use the London Brick system of manufacture. Our intention is to utilise the expertise and experience in brickmaking that we possess to help other developing countries to modernise their brick industries and in so doing sell both our skills and machinery.

Although London Brick Buildings' overseas activities are obviously on a smaller scale, they are more widespread and are rapidly expanding. At a time when construction demand in the United Kingdom is at a low ebb, the pioneering of overseas projects has provided a spur to our management and helped to maintain employment in this country.

### TRIBUTE

Exporting is certainly not fun and those engaging in expanding our overseas sales deserve our encouragement and support. The great body of our employees continue however to be involved in our major manufacturing activities in this country, and because many of them have spent their working lives with this Company they are all too familiar with the problems posed by changes in Government policy to construction. They have as in the past been steadfast in their loyalty and support and deserve our gratitude. It is only by working together as a team and making the most of the skills that we possess that we can surmount our problems and continue to prosper.

### PROSPECTS

Trading in the opening weeks of the current year has been at a depressed level. Brick deliveries have been adversely affected both by the waterlogged condition of building sites and by the poor demand for new building.

The continuing fall in Minimum Lending Rate and the consequent improvement in the flow of funds into the building societies gives us reason to hope that the climate for private housebuilding is now improving and that this will in due course be reflected in an improvement in private housing starts. If this is the case the heavy brick stocks accumulated over the winter period will stand us in good stead over the peak of the building season.

The unfavourable outlook for construction has prompted us to take a further step into the related field of home improvement. On 4th January an announcement was made that the Company was making an offer to acquire all the ordinary shares of The Croydex Company Limited, a manufacturer of rubber and plastic products for the home and garden. The offer was unanimously recommended to shareholders by the Directors of Croydex and they and certain other shareholders undertook to accept the offer in respect of their beneficial interests amounting to some 29 per cent. of the issued share capital. By 9th February, the date on which the offer closed, the Company owned or had received acceptances in respect of 93 per cent. of the total issued capital of Croydex and the offer became unconditional.

London Brick has given assurances that it intends to retain the independent trading identity and operations of Croydex under the existing management and to encourage and assist Croydex's continued growth and development. The terms and conditions of service of Croydex employees will remain unaltered and their pension rights will be fully safeguarded.

The acquisition of Croydex will further reduce the Company's dependence on the cyclical nature of new housebuilding and will broaden the service we can provide to the individual householder.

# Overseas growth for Weir

VISCOUNT WEIR, chairman of the Weir Group, says that the overall pattern of the 1976 results is in line with long-term strategy and shows continued improvement in steel foundries and engineering. It is still too early, he adds, to see the significant desalination plant profits which are expected in future years.

New orders booked for 1976 amounted to £152m. and the group entered 1977 with an order book of £151m. Desalination plant represented a large part of both figures and the order book for engineering equipment dropped somewhat.

A major capital investment programme was launched at Weir Pumps during the year. Further expenditure, in conjunction with the Government scheme to aid ferrous foundries, was planned for the steel foundries. Investment totalling some £11m. at present day prices will be made in the period up to 1980.

Referring to borrowings the chairman points out that two years ago they were equivalent to 153 per cent. of equity capital. At the end of 1976 the proportion had fallen to 89 per cent. which is still a high ratio and the group must seek to reduce it further.

The group can therefore make only a very modest use of additional loan capital to support the investment programme. The withdrawal of the Regional Employment Premium and increasing National Insurance contributions have also reduced cash flow and the group has had to reduce expenditure in 1977 from the figure originally envisaged.

Lord Weir reports that in the desalination field activity continues at an exceptionally high level and tenders are currently being prepared for a number of very large projects. On the heat exchanger side no major power station orders were booked in the U.K. by Weir Heat Exchange.

For the current year the chairman feels that increased export business should enable a modest advance in profit to be made in 1977. For the longer term he expects increasing profits from the desalination business, while the group's earnings in general should benefit from the heavy and continuing investment programme.

The chairman is critical of the Morpeth proposals for inflation accounting. He says "they have clearly been prepared with a bias towards an academic and theoretical approach to accounting. It is little use making a laudable attempt to produce a more true and fair view of company results if that merely leads to complexity and confusion."

In 1976 group pre-tax profits increased from £6.21m. to £7.5m. On a CCA basis the result would be reduced by some £3m. Adjustments for depreciation charges would account for £1.7m. of this amount and the cost of sales adjustment for £3.3m. Offsetting this would be a gain in purchasing power of some £4m. in respect of the monetary liabilities.

Meeting, Glasgow, May 25 at noon.

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## OLIVER RIX

As a result of consolidating trading activities, 51 of the non-trading subsidiary companies of Oliver Rix have become dormant and are to be wound up, the directors state. This should contribute to a reduction in administration costs and audit expenses, they add.

# Increased spending plans by Tube Investments

FURTHER expenditure to improve efficiency and the exploitation of growth opportunities at home and overseas will take capital expenditure at Tube Investments to higher levels over the next two years, Mr. B. S. Kellett, chairman, states.

The 1976 accounts show that capital expenditure sanctioned and outstanding at year-end amounted to about £16.14m. (£9.78m.)—contracts placed against these sanctions so far as not provided for amount to about £8.01m. (£3.99m.).

In addition about £1m. has been sanctioned in connection with the acquisition of the minority holdings in certain subsidiaries.

During 1976 the group spent £22m. in capital investment—cost reduction and productivity improvement accounted for half: 80 per cent. of the total was on U.K. projects.

Mr. Kellett says that the company has a range of basically sound businesses making products people want and are likely to go on wanting.

More needs to be spent on re-equipping and modernising factories—this the company is doing but to sustain and justify it a higher rate of profit is needed.

As reported on March 31, pre-tax profit for 1976 improved from £42.34m. to £49.6m. The company is now beginning to see the fruits of deliberate strategies over recent years.

Shareholders' funds increased by £21.7m. due mainly to the retained earnings of £13.6m. and to the uplift in stock values as at January 1, 1976, of £6m.

The increase in stocks in the balance sheet of £29.4m. includes this £6m. SSAP uplift and the comparable increase in stock was £23.4m.

Working capital as a whole continued to rise due to the upwards pressure of inflation, but generally was held to the same level in proportion to sales as in 1975.

Despite the inflationary pressures the increase in borrowings was held to £18m. in 1976 of which £9m. represented the writing up, in terms of the £, of overseas currency borrowings.

On a CPP basis pre-tax profit was £29.7m. (£30.2m.). The cost of sales adjustment that would have been built up under CCA, before any reduction in respect of strategic buying, is estimated at £22m. for subsidiaries.

The additional depreciation required for subsidiaries in respect of existing plant and machinery amounts to about £12m. under the CPP and CCA conventions.

In the CPP accounts the inflation charge for stocks is £22.4m. and for debtors £16.8m. This is largely offset by adjustments for creditors £18.2m. and net borrowings of £15.1m. After CPP adjustments the share of profit of associates comes to £7m.

The directors state: "It is clear that much further discussion, both of the principles of CCA and the practical application of the proposals in ED 18, is required before any final standard is issued. Any final standard should implement accounting principles which are applicable generally to all businesses and do not have to be modified in different situations for particular purposes. These principles should should be founded on a genuine consensus of opinion. It is desirable that accountancy requirements in the U.K. should be reasonably compatible with those in other countries, particularly with those in the EEC and our other major trading partners in the western world.

"In the meantime it seems unrealistic to attempt to introduce all the proposals outlined in ED 18 as early as 1979 even if this requirement is restricted to the larger companies. Above all, the historical accounts should not be too hastily abandoned."

In spite of some planned stock-building, close monitoring of working capital enabled the ratio of working capital to sales to be held at the 1975 level of 34 per cent. compared with 38 per cent. in 1974.

Although the group's earnings for the year rose by 21 per cent. to £23m., the combined investment in plant, machinery and working capital required additional borrowings of £18m. taking net borrowings at the end of the year to £133.3m. This represents 50.4 per cent. of shareholders' funds.

Meeting, Birmingham, May 23, noon.

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See Lex

# Ladbroke's excellent start

Profits so far in the current year for Ladbroke Group are excellent Mr. Cyril Stein, the chairman, says in his annual statement. The company continues to be in a strong liquid position with over £5m. cash on deposit, in hand and in Government securities at the end of 1976, he points out.

Although current liabilities exceed current assets by £1.49m., he says that £2.7m. cash has been applied temporarily in reducing loan capital to cut interest costs which for the year totalled £5.24m. (£3.31m.) of which £3.86m. (£2.17m.) was charged to capital projects.

As reported on March 23, pre-tax profit for 1976 was a record £15.32m. (£12.38m.) on turnover up from £268.6m. to £319.14m. Restated on a current cost accounting basis profit would have been £13.44m. (£10.97m.).

The net dividend was raised to 4.3295p (4.1178p) per 10p share.

At year end bank loans and overdrafts were down £6,000 (£17,000) and cash balances up £12,000 (£2.04m.). Capital commitments in the property division totalled £1.04m. (£4.85m) of which £0.95m. (£1.64m.) was authorised but not contracted. For the other divisions the figures totalled £5.19m. (£0.97m.).

Investment properties, up £17m. at £44m., are expected to show a substantial surplus on revaluation. Property investments are almost wholly financed by long-term borrowing at reasonable levels of interest with no currency risk, the chairman says.

Construction will begin shortly of a block of 62 flats facing Hyde Park, on a site purchased some years ago. The project only now has become viable and is on fixed-price contract with 40 per cent. of the accommodation already sold or under offer at the asking prices.

In the racing division 52 branches were opened or acquired during the year and a further 50 are being resited in the first half of 1977. Planning for the future has resulted in a policy of operating "small stores" which have a minimum of 1,000 square feet available. There are now 75 such units.

Meeting, Ladbroke Belgravia Hotel, S.W., on May 25, at 11 a.m.

# Greenbank expects even better

Order books at Greenbank Industrial Holdings indicate a further satisfactory advance in the current year, Mr. B. K. Thomas, the chairman, says in his annual statement. He also reports that the group has sufficient resources to finance and develop its continuing growth, particularly in overseas markets.

As reported on April 6, profits before tax expanded from £0.07m. to a record £1.5m. on sales better at £7.43m. (£5.27m.). The net dividend is lifted to 2p (1.82p) and a one-for-three scrip issue is planned.

At year-end short-term deposits and cash at bank, less borrowings of $0.45m. (£0.26m.) in connection with the acquisition in April, 1976, of CBP Engineering and Construction Corporation, in the U.S., were up £0.94m. (£1.01m.). Capital commitments were £89,250 and a further £0.55m. had been authorised but not yet committed.

Mr. Thomas says the main engineering activities continue to do well and there are good prospects of further substantial contracts being obtained. The results of the U.S. company were adversely affected during the year by reorganisation and a change of accounting policies but in 1977 its selling and designs operations are expected to contribute to profit in addition to the manufacturing profits already evident.

The directors do not anticipate further adverse results from property developing which showed a loss of £38,148 for 1976.

Meeting Clayton-le-Moors, Lancs., on May 11 at noon.

# SIMON ENGINEERING LTD

Specialised machinery; process plant contracting; industrial services

## Preliminary Announcement for the year ended 31 December 1976

| | 1976 £000 | 1975 £000 |
|---|---|---|
| Turnover | 198,773 | 164,284 |
| Trading profit | 9,242 | 6,621 |
| Share of profits of principal associated companies | 607 | 414 |
| | 9,849 | 7,035 |
| Interest receivable, less payable | 748 | −336 |
| Profit before tax and extraordinary items | 10,597 | 6,699 |
| Taxation | 4,608 | 3,564 |
| Minority interests | 524 | 489 |
| Profit before extraordinary items, attributable to Simon Engineering | 5,465 | 2,646 |
| Extraordinary items | — | −199 |
| Profit after extraordinary items, attributable to Simon Engineering | 5,465 | 2,447 |
| Dividends paid: | | |
| Preference shares: 6% (now 4.2% plus tax credit) | 39 | 39 |
| Ordinary shares of 25p each: Interim 2.4p per share (1975–2.1875p) | 490 | 447 |
| Proposed dividend: Ordinary shares of 25p each: Final 4.5523p per share (1975–4.1328p) | 930 | 844 |
| | 1,459 | 1,330 |
| Profit retained | 4,006 | 1,117 |
| | 5,465 | 2,447 |
| Earnings per ordinary share: | | |
| Before extraordinary items | 26.6p | 13.6p |
| After extraordinary items | 26.6p | 12.6p |

### NOTES

**1. Profits**
The profit for 1976, before tax and extraordinary items, is £10,597,000 compared with £6,699,000 for the preceding year. The profit is stated after charging £1,825,000 additional provision to offset the effects of inflation on pension funding arrangements, and includes currency gains of £570,000 (1975 £222,000).

**2. Ordinary dividend**
The directors recommend a final dividend of 4.5523p per ordinary share, making a total dividend for the year of 6.9523p per ordinary share (gross equivalent 10.6958p), being the maximum permitted under present regulations. The final dividend, if confirmed at the Annual General Meeting to be held on 20 June 1977 will be paid on 1 July 1977 to members registered on 3 June 1977.

**3. Earnings per share**
The calculation of earnings per share is based on earnings of £5,426,000 (1975 £2,607,000 before and £2,408,000 after extraordinary items), and on the 20,426,003 ordinary shares in issue throughout the year.

**4. Depreciation**
Depreciation of £1,871,000 (1975 £1,463,000) has been charged in arriving at trading profit.

**5. Taxation**
The tax charge before prior year adjustments is 44% of the pretax profit (1975 46%). In both years profits in an overseas subsidiary were not taxed because of past losses, and the greater part of the currency gains included in the profit were not taxable.

The tax charge (including UK corporation tax at 52%, 1975 52%) is comprised as follows:

| | 1976 £000 | 1975 £000 |
|---|---|---|
| Simon Engineering and its subsidiaries | 4,335 | 2,866 |
| Associated Companies | 298 | 242 |
| Prior year adjustments | −25 | 456 |
| | 4,608 | 3,564 |

**6. Accounting standards**
Following the adoption of statement of standard accounting practice number 9 it was necessary for two subsidiary companies to revalue their stocks and work in progress at 1 January 1976, resulting in a surplus of £623,000 which has been treated as a prior year adjustment.

**7. Prospects**
Economic and financial conditions prevailing world wide were far from easy but the Group operated successfully in many countries and in a broad spread of activities. Concentration on the key areas we have developed has resulted in the very creditable performance now reported.

Our financial position is strong and we are planning further expansion. As in the past, we shall promote and support growth in those of our activities and markets which have the greatest potential.

We have confidence that in 1977 we shall be able to continue the progress made in the last few years.

25 April 1977

SIMON ENGINEERING LIMITED CHEADLE HEATH STOCKPORT CHESHIRE SK3 0RT

## MINING NEWS

# Anglo's £3.3bn. ship on a steady course

BY KENNETH MARSTON, MINING EDITOR

SOUTH AFRICA has its problems, some are deserved and some are not. But the Republic is still one of the few countries in the western world which is prepared to give a fair deal to the mining men and, as a result, it remains one of the world's major producers of raw materials.

The Republic's biggest mining, industrial and finance group is indisputably Anglo American Corporation. In fact this international group with overall assets of approximately R4.9bn. (£3.3bn.) is one of the world's biggest. Its mineral interests cover gold, uranium, diamonds, copper, nickel, coal, platinum, tin, potash, asbestos, iron ore, lead, zinc, manganese and wolfram.

Not surprisingly, the Anglo annual report for 1976 covers no less than 92 pages and ranks with its illustrations and comments almost as a reference work. Copies are being sent out, as usual, to Anglo shareholders but I am told that other members of the public may obtain a copy by writing to Anglo at 40, Holborn Viaduct, London, EC1P 1AJ.

Of major investment income sources, gold provided 33 per cent. in 1976 and Anglo anticipates a gradual improvement in the bullion price this year, pointing to the metal's strong industrial demand. Diamonds contributed 20 per cent. and remain in a buoyant phase while the outlook for the industrial sphere, which provided 19 per cent. of last year's investment income, depends on the course of the South African economy over which there are now some clouds.

Inevitably, for a group which is not allowed to move any large part of its funds outside South Africa, some 73 per cent. is invested within the Republic with 10 per cent. in the rest of Africa and 7 per cent. in North America.

Of major interest at the moment is the East Rand Gold and Uranium project which bodes to become a money-spinner by re-treating old slimes (waste) dumps for their gold and uranium content; the group's big coal expansion; its new Elandsrand gold mine which should be in production by the beginning of 1980; the flourishing diamond activities; and, importantly, the merger with Rand Selection.

Meanwhile, Anglo looks to be set for another satisfactory year with the prospect of a modest rise in the 33 cents (22p) dividend rate. The shares were 225p yesterday.

## Lacana looks to Mexico

THE TORONTO group, Lacana Mining, expects income to start flowing from its Mexican mining operations next year. The President, Dr. W. H. Gross, states in the annual report that 1976 was a major turning point in the group's growth.

Lacana has a 30 per cent interest in the Torres silver-gold complex in central Mexico, managed by Fresnillo, and a 40 per cent. interest in the Encantada silver-lead operation in north eastern Mexico managed by Industrias Peñoles. Torres came into production last February and Encantada is undergoing expansion.

Dr. Gross says, "Assuming firm metal prices, particularly in silver, and smooth operations at the mines, Lacana's interest in the cash flow from these mines should be approximately $C7m. (£3.9m.) in 1977, increasing in 1978 as mine production expands. It is expected that this will be reflected in dividend income to Lacana commencing in early 1978."

Lacana, which had a working capital deficiency at the end of last year of $C8.1m., is working with its bank to restructure bank debt into five year debentures. This, states Dr. Gross, "will increase the company's working capital and lower interest carrying charges."

Rio Tinto-Zinc has now received U.K. Treasury permission for exemption from dividend control. The company can now go ahead with a final dividend of 4.82p per share making a total for 1976 of 8p, against 5.42p previously. RTZ shares improved to a year's high of 245p following the news, but later slipped back to close unchanged on balance at 238p.

## GOLD OUTPUT INCREASES

The decline in South African gold production was arrested in March. After falling for three successive months, production in March rose by 1.1m. ounces to 1,863,116 ounces.

But statistics from the Chamber of Mines reveal that the cumulative total for the first three months of the year at 5,327,[illegible] ounces is still running below production over the same period of 1976 when the total was 5,483,420 ounces.

The decline in production at the end of last year and the beginning of this year has been widely attributed to labour shortages. The last gold mines quarterly reports showed, however, that by mid-February the work force had again reached full strength. It is now expected that production will increase as the training of labour is completed.

## ROPNER'S NEW BROKING COY.

The formation is announced by Ropner Holdings of a new insurance and pensions broking subsidiary based in Manchester, Estridge Ropner.

Mr. R. Estridge and Mr. S. Powell, previously directors of Leslie and Godwin (Life and Pensions), have been appointed to the Board of Estridge and Ropner.

## MONEY MARKET

# Interest rates easier

Bank of England Minimum Lending Rate 8¾ per cent. (since April 22, 1977)

Interest rates continued to indicate a further cut in Bank of England Minimum Lending Rate this week, with discount houses buying rates for three-month Treasury bills finishing at [illegible] per cent. on Friday. A reduction of at least ½ per cent. in clearing bank base rates had been generally expected and interest rates were fairly steady after the announcements from the banks, but another cut of ½ per cent. to 8¼ per cent. can be expected in MLR at this week's Treasury bill tender if present market rates are maintained.

Day-to-day credit was in short supply to the money market and the authorities gave an exceptionally large amount of assistance.

They bought an extremely large amount of Treasury bills from the houses, and a moderate number of local authority bills. Five or six houses also borrowed a very large amount overnight at Minimum Lending Rate from the Bank of England.

Banks carried forward run down balances, revenue payments to the Exchequer exceeded Government disbursements and settlement was made for gilt-edged purchases and a major adverse factor was the instalment due on Exchequer 12½ per cent. 1992.

Discount houses paid around 8 per cent. for secured call loans in the early part, and closing balances were taken at 7-8 per cent.

Rates in the table below are nominal in some cases.

| April 25 1977 | Sterling Certificate of deposit | Interbank | Local Authority deposits | Local Auth. negotiable bonds | Finance House Deposit | Company Deposits | Discount market deposit | Treasury Bills | Eligible Bank Bills | Fine Trade Bills |
|---|---|---|---|---|---|---|---|---|---|---|
| Overnight | — | [illegible] | [illegible] | — | — | 9⅛ | [illegible] | — | — | — |
| 2 days notice | — | — | — | — | — | — | — | — | — | — |
| 7 days or 7 days notice | — | [illegible] | [illegible] | — | — | — | [illegible] | — | — | — |
| One month | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Two months | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Three months | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Six months | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | — | — | [illegible] | — |
| Nine months | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | — | — | — | — | — |
| One year | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | — | — | — | — | — |
| Two years | — | — | [illegible] | — | — | — | — | — | — | — |

Local authority and finance houses seven days' notice, others seven days' fixed. [illegible]

SHARE DISCLOSURES

# KIO stake in Lyle Ship

The Kuwait Investment Office, part of the Kuwait Finance Ministry, was disclosed yesterday as a major shareholder, with an 8.54 per cent. stake, in Lyle Shipping Company. The shares were purchased on April 18.

The company's other major shareholder is the Hogarth Shipping Company of Glasgow, which, after further purchases on April 19, now holds 29.98 ordinary shares and 27.22 non-voting "A" ordinary shares in Lyle. The Hogarth Steamship disposed of its shares on April 18.

Lyle said yesterday that these transactions include the sale of the entire holdings of Lyle shares registered in the names of four nominee companies whose voting rights were withdrawn in 1976.

West Midlands controls manufacturer, Concentric, has found favour with a pension fund and an insurance company. It was known that Britannic Assurance held nearly 10 per cent. of the shares, but it has now emerged that the National Coal Board Staff Superannuation Scheme and Mineworkers' Pension Scheme have 2,097 per cent. The pension fund bought the shares only three months ago from S. W. Wood Group, which previously had 16.3 per cent. of the equity.

Tenney Products: Friends' Provident Life holds 300,000 Restricted Voting Ordinary (15 per cent.).

St. Monk: Saint Piran holds 200,000 Ordinary (8.4 per cent.).

I. E. Chalmers Holdings: Scottish Northern Investment Trust holds 200,000 Ordinary (5.78 per cent.).

Coltness Group: Melville Street Investments is the beneficial owner of 670,000 Ordinary (9.03 per cent.).

B. and L. Nathan: Mrs. J. Harvey holds 102,000 Ordinary shares.

Bolt Lloyd International: Mr. T. Heywood, chairman, has transferred 1,190 of his shares by way of gift.

Lancashire and London Investment Trust: Ecclesiastical Insurance Office holds 395,000 Ordinary (5.878 per cent.).

Trans-Oceanic Trust: Equity and Law Life Assurance Society holds 534,276 Ordinary (5 per cent.).

Glasgow Stockholders Trust: Commercial Union Assurance holds 25,600 5 per cent. Cumulative Preference shares (5.06 per cent.).

Anglo Argentine Tramways: Davis Investments (Jersey) holds 486,000 Ordinary shares (8.95 per cent.).

Beaumont Properties: London Shop Group holds 10.17 per cent. of the issued Ordinary capital made up as follows: London Shop Property Trust 1m., and Rio de Janeiro Land, Mortgage and Investment Agency 129,796 shares.

Howden Group: Prudential Assurance holds 930,639 Ordinary stock units (6.19 per cent.).

Scottish National Trust: Scottish Widows' Fund and Life Assurance holds 1,986,750 Ordinary stock units (5.28 per cent.), and Prudential Group holds 133,000 6 per cent. Cumulative Preference stock units (8.86 per cent.).

British American and General Trust: Legal and General Assurance Society holds 3,342,476 Ordinary stock units (7.9 per cent.).

times more than 30 per cent.

Frederick Cooper (Holdings): Imperial Group holds 355,000 Ordinary (6.2 per cent.).

Crescent Japan Investment Trust: Commercial Union holds 510,000 Ordinary (6.14 per cent.).

Brooke Tool Engineering (Holdings): Prudential holds 192,781 Ordinary (7.28 per cent.) and Imperial Group holds 200,000 Ordinary (7.56 per cent.).

Harrison and Sons: National Farmers Union Mutual Insurance Society holds 17,100 5 per cent. Cumulative Preference shares (7.43 per cent.), and The Investment Company holds 25,000 6 per cent. Cumulative Preference shares (10.86 per cent.).

General Electric: Prudential holds 34,122,610 Ordinary (8.22 per cent.).

Dunlop Holdings: Prudential Assurance holds 1,417,925 (9.67 per cent.) of the company's 6½ per cent. Cumulative Preference shares.

Associated Dairies: Mr. P. R. Baines, a director, disposed of 3,253 Ordinary shares.

Benrose Corporation: The ITC Pension Trust, jointly with the ITC Pension Investments, hold 600,000 Ordinary shares (5.25 per cent.).

UDS Group: Prudential Assurance holds 8,062,447 Ordinary stock units (5.28 per cent.).

Second Alliance Trust: London and Manchester Assurance holds £78,000 4½ per cent. Cumulative Preference stock (6.75 per cent.).

Abrasives International: Gresham Investments holds 129,284 Ordinary shares (5.4 per cent.).

Fourth City and Commercial Investment Trust: Kenneth Russell Coleman holds 32,015 stock units (5.66 per cent.). This is a beneficial holding.

Lambert Howarth Group: Industrial and Commercial Finance Corporation holds 192,000 Ordinary shares (6.47 per cent.).

Farnell Electronics: ICI staff pension fund hold 281,000 Ordinary shares (5.66 per cent.).

F. and C. Eurotrust: Industrial and General Trust holds 400,000 Ordinary shares (5.3 per cent.).

General Investors and Trustees: London and Manchester Assurance, and its subsidiaries has total shareholding of 1,053,324 Ordinary shares (6.84 per cent.).

Eagle Star Group: Sir Iain Stewart, a director, purchased 5,000 Ordinary shares on April 2, to be held beneficially.

Tesco Stores (Holdings): Mr. H. Kreitman, a director, has sold 200,000 Ordinary shares from his non-beneficial interest.

F. H. Lloyd Hldgs: Britannic Assurance holds 1,250,000 (5.19 per cent.) Ord. shares.

Scottish American Investment: Royal Insurance holds £150,000 4 per cent. Pref stock (7.5 per cent.).

Johnson and Barnes: Arbuthnot Latham Hldgs. holds 248,200 Ord. shares (12.82 per cent.).

Ellerstead Engineering: Britannic Assurance holds 315,000 Ord. (5.02 per cent.).

Hall Engineering Hldgs: Prudential holds 506,266 Ord. (5.06 per cent.).

Allen Harvey and Ross: Britannic Assurance holds 109,000 Ord. (5.94 per cent.) and Pearl Assurance holds 93,281 Ord.

Western Motor Hldgs.: Mr. W. R. Mumford, a director, holds 33,400 (0.26 per cent.) Ord.

Metalrax (Hldgs.): Throgmorton Trust holds 1,063,621 (8.26 per cent.) Ord.

George H. Scholes and Co.: Britannic Assurance holds 300,000 Ord. (7 per cent.).

E. P. Martin: Mr. H. R. Newcombe has sold 10,000 Ord.

Vaux Breweries: Britannic Assurance holds 370,000 Ord. shares (5.4 per cent.).

G. M. Firth (Metals): Bankers Trust International holds 235,788 shares (6.8 per cent.).

Godek Malaysia: International Investment Trust of Jersey holds 311,406 Ord. (6.84 per cent.).

Atlantic, Baltimore and Chicago Regional Investment Trust: Esso Pension Trust holds 215,000 (7.2 per cent.) Ord.

CGSB Hldgs: E. C. S. Buist holds 336,095 shares in his own right and 5,000 in trusts. Mrs. D. T. Buist holds 262,300 in her own right. J. G. Davison and J. K. Kilner hold 726,763 in trusts. ITC Pension Trust jointly with ITC Pension Investments holds 335,000. Mrs. E. G. A. Holt holds 430,203 in her own right and Mrs. J. A. Stewart holds 271,648 in her own right; R. A. Barnet and R. C. Holt hold 271,649 in trust.

British Petroleum: Commercial Union Assurance has interests in £367,000 6 per cent. First Preference stock, and £267,000 9 per cent. Cumulative Second Preference stock, representing 5.07 per cent. and 5.24 per cent. respectively.

External Investment Trust: Standard Life holds 500,000 Ordinary shares (8.7 per cent.) and M. and G. Assurance Group holds 826,463 Ordinary shares (14.37 per cent.).

B. S. and W. Whiteley: Generbe Bank, Zurich holds 383,300 Ordinary shares.

General Scottish Trust: The company reports the following stakes: Scottish Investment Trust 20,000 5 per cent. Cumulative Preference shares; National Farmers Union Insurance 24,200 5 per cent. Cumulative Preference shares; Sun Alliance and London Insurance Group 450,000 Ordinary shares; Scottish Widows' Fund and Life Assurance Society 612,500 Ordinary shares; and Pensions Management (SWF) 182,003 Ordinary shares.

William Reed and Sons: Birmingham and Midland Counties Trust and its wholly-owned subsidiaries, Birmingham and Midland Counties Securities holds 3,169,382 Ordinary (66.43 per cent.) and Mr. S. J. Woolliff, managing director of Reed, holds 435,000 Ordinary (9.29 per cent.).

English and New York Trust: Sun Life Assurance holds 2,329,000 Ordinary stock units (5.24 per cent.); Prudential Assurance holds 2,923,869 Ordinary stock units (7.85 per cent.); Royal Insurance holds 2,000,492 Ordinary stock units (5.36 per cent.).

Steetley: Prudential Assurance holds 2,434,468 Ordinary which is in excess of 5 per cent.

Alfred Preedy and Sons: Mr. R. L. Preedy, the chairman, purchased 5,000 Ordinary shares on April 20.

Steetley: Commercial Union Assurance holds 20,000 3.15 per cent. Cumulative Preference shares which is in excess of 5 per cent. of this class of share capital.

Throgmorton Trust: Electricity Supply (Staff) Superannuation Scheme holds 2,640,000 Ordinary (6.93 per cent.).

F. J. C. Lilley: Scottish Northern Investment Trust holds 262,500 Ordinary shares (5.22 per cent.).

Peter Brotherhood: ICI Pension Funds Securities holds 116,710 Ordinary shares (5.28 per cent.).

Edinburgh American Assets Trust: British Railways Board in its capacity as trustee to various Railway Pension Funds owns a total of 1,145,000 Ordinary (8.24 per cent.).

Molins: BAT Industries interest is represented by 6,916,784 Ordinary (23.6 per cent.), held by British American Tobacco.

Associated Sprayers: Mrs. Patricia Newton-Mason, a director, holds 203,742 Ordinary (8.58 per cent.) and Raymond Gross holds 285,471 Ordinary (8.48 per cent.).

Stoddard Holdings: Throgmorton Trust holds 47,330 Ordinary shares (5.26 per cent.).

United Tin Areas: City Group and Western Selection and Development holds 57,300 (6.65 per cent.) and 83,509 (0.96 per cent.) shares respectively.

Ofin River Estates: London Finance and Investment Corporation holds 78,031 (6.55 per cent.) shares.

Carr's Milling Industries: Sun Alliance and London Assurance Group holds 467,500 Ordinary shares (9.3 per cent.).

Anglo American Asphalt: W. and J. Glossop holds 279,150 Ordinary shares (8.2 per cent.).

Ductile Steel: Prudential are holders of more than 5 per cent. Ordinary share capital (carrying Unrestricted Voting Rights).

Percy Tarbutt: London and Manchester Assurance holds 330,000 Ordinary (11 per cent.).

Debenhams: Prudential holds £99,677 6½ per cent. Cumulative "A" Preference stock in company (7.24 per cent.). This represents less than 0.4 per cent. of total issued voting capital.

Jokai Tea Holdings: British Indian Tea Holdings holds 142,946 (8.80 per cent.) and 1,500 Preference (1 per cent.) shares.

Garford-Lilley Industries: Mr. Peter Dingad Davies, a director, acquired 51,000 of the company's shares.





BIDS AND DEALS

# Tote buys Reo Stakis shops for £600,000

REO STAKIS has agreed to sell for £600,000 the 30 licensed betting offices operated by its subsidiary Queen Bookmakers to Tote Bookmakers.

The sale includes goodwill, fixtures and fittings of the betting offices situated in Glasgow and West of Scotland, the credit business and the trade name of Queen Bookmakers.

In the year to October 3, 1976 Queen had a turnover of £8,345,643.

Reo Stakis will retain freeholds of the eight betting offices, which it currently owns and will lease to Tote Bookmakers.

The sale is conditional upon licensing authorities granting Tote Bookmakers a betting office licence in respect of each of the premises.

The original expansion plans for Queen Bookmakers were frustrated by a policy of capital expenditure curtailment during the last few years of national economic depression. The same inflationary pressures which led to this policy affected the viability of the smaller betting offices so that Queen's has contracted from over 50 offices in 1974.

It is intended to invest the proceeds of the sale in other areas of the business which will give the group a much better return.

## NO PROBE

Mr. Roy Hattersley, Secretary of State for Prices and Consumer Protection, has decided not to refer the proposed merger between the NFU Development Trust and FMC to the Monopolies and Mergers Commission.

## STANDARD TRUST

Acceptances of Prudential Assurance's offer for Standard Trust have been received in respect of over 61 per cent. of the Ordinary and over 80 per cent. of the Preference; they are unconditional and remain open. Prudential now controls over 92 per cent. of the Ordinary and over 82 per cent. of the Preference.

Holders of 66,963,040 Standard Ordinary who accepted Ordinary offer also accepted the separate cash offer by Morgan Grenfell to purchase at 120p all or any of the new Prudential shares which accepting holders became entitled but did not wish to retain.

Total new Prudential shares acquired under the cash offer is 16,606,834 (about 64.7 per cent. of maximum number for which cash offer was made). The cash offer has closed.

## LAMSON PREF OMITTED FROM MOORE SCHEME

The Scheme of Arrangement involving the acquisition by Moore Corporation's United Kingdom subsidiary, Moore Business Forms, of the 48 per cent. minority in the Ordinary capital of Lamson Industries which they do not at present hold, has been approved.

The proposed acquisition of the Preference capital of Lamson was not approved. Lamson has obtained the agreement of Moore and MBF to proceeding with the Scheme omitting the acquisition of the Preference, and the Scheme, suitably modified, will be presented to the Court for approval within the next month.

## F. J. WALLIS

Acceptances of the offer made by International Stores Holdings have been received in respect of 12,883,739 shares, representing 70.4 per cent. of the F. J. Wallis shares made from 51.7 per cent. of the relevant shareholders. These include shares purchased by Arcadian Investment Company which is a wholly owned subsidiary of BAT Industries. International now owns 83 per cent. of the capital of Wallis. The offer has been extended until May 16.

## WILLIAM PICKLES

Through its subsidiary Harrow Fabrics (International), William Pickles has acquired the capital of Abbotsford Fabrics of Galashiels, for £30,000 cash. Abbotsford specialises in the production of traditional Scottish woollens for the upholstery and apparel markets.

The acquisition is seen as a logical vertical integration of a production unit into the merchanting and distribution activities of Harrow Fabrics which has already taken steps to increase its export trade, particularly to the U.S.

## 7½p OFFER FOR TEBBITT GROUP

Rowe Rudd and Company has purchased on behalf of investment clients 2,208,000 10p Ordinary shares of Tebbitt Group, representing at 7½p, 73.6 per cent. of the Ordinary capital, and will be extending this offer unconditionally to the remaining Ordinary holders in due course.

It would be their intention to place sufficient shares arising out of the offer to maintain the Stock Market quotation. Rowe Rudd confirms that it has sufficient cash to implement the offer.

## PATANI PARA

Consolidated Plantations has received acceptances in respect of 303,445 shares of Patani Para Plantations which, with the 281,000 held prior to the offer, makes total of 584,445 (61.3 per cent.).

## BENJAMIN PRIEST

Benjamin Priest and Sons (Holdings) has reached final agreement with the vendors of Integrated Developments regarding the total number of shares due to the vendors for the acquisition of that company in 1973. Accordingly, a further 16,614 Ordinary shares have been allotted in final settlement.

## ADWEST GROUP

Tuscan Engineering of Bridgend, Mid Glamorgan, manufacturers of flameproof electric motors and AC and DC motors up to 7½ h.p., has been acquired by Adwest Group. Tuscan will continue to trade under its own name and management.



(Advertisement)

# DKB'S ECONOMIC JOURNAL

April 1977: Vol. 6 No.4

## Consumption spending, capital expenditures are still in a sluggish state

The pause in the recovery of domestic business has continued since the middle of 1976.

In a series of corporate business surveys announced recently by major research organs, corporate business results in the latest semi-annual accounting term that ended last month all have been revised downward, testifying to the extremely slow tempo of domestic business recovery.

On March 11, the Government approved a four-point program to rejovenate business. On the following day, the Bank of Japan reduced the official discount rate by 0.5 per cent to 6.0 per cent.

### Modest gain in GNP

According to preliminary figures announced earlier by the Government, Japan's gross national product in calendar 1976 registered an increase of 13.1 per cent in nominal terms and 6.3 per cent in real terms over the previous year. The gain of GNP in 1976 thus eclipsed the comparable hike in 1975 (10.0 per cent, nominal, and 2.4 per cent, real). However, the higher increase was caused by the sharp upswing in the first (January-March) quarter. The tempo in the following three quarters was markedly slower.

With reference to the real gain in gross national product in the October-December quarter of 1976, classified by demand factors, private housing investments registered a decrease of 3.5 per cent and Government fixed capital formation marked a dip of 3.7 per cent, crimping the business recovery. Personal spending swelled only modestly by 0.4 per cent and private plant and equipment investments by 0.5 per cent. As a result, the surplus of the national current account (up 7.8 per cent), strengthened by brisk exports, supported domestic business.

How will domestic business fore in the immediete future?

### Industrial production

The mining-manufacturing production index in Januery marked e slight decrease of 0.2 per cent from the previous month (seasonally adjusted) after a meager dip of 0.1 per cent in December, 1976.

In the January iodex, classified according to commodity groups, producer goods increased by 0.1 per cent over the previous month, after e 0.2 per cent gain in December. Consumer goods increased by 2.3 per cent, after e decrease of 1.8 per cent the month before. Investment goods, which gained by 0.6 per cent in December, dipped by 1.9 per cent.

The January shipment index in the mining-manufacturing sector increased by 0.7 per cent over the previous month, compared with a decrease of 0.8 per cent in December. However, shipments in January, excluding ships, fell 0.8 per cent, continuing December's loss of 0.2 per cent.

Consequently, the inventory index in the mining-manufacturing sector continued to swell. It rose 0.3 per cent in January, after a 2.7 per cent hike in December.

In view of the still high level of inventories, enterprises are anxious to adjust stocks. Industrial production is not expected to increase significantly for the time being. The production forecest index estimates a 0.6 per cent gain in the manufacturing sector in March, after a dip of 0.4 per cent in February.

### Personal spending & capital outlay

Personal spending has continued bearish. According to a survey taken by the Prime Minister's Office, the increase of spending in household budgets (the national everage) over the year-ogo level remained comperetively moderate at 11.4 per cent in the January-March quarter of 1976, 10.2 per cent in the April-June quarter, 10.5 per cent in the July-September quarter and 10.6 per cent in the October-December quarter.

Consumer spending has apparently continned dull after the turn of 1977, in view of the fect that the nole issue increase over e year ago registered 10.3 per cent in January and 10.5 per cent in February, which was below the 11.6 per cent gain in the October-December quarter of 1978.

Personel expenditure is expected to continue tbe current slump. A sound salary increase cannot be expected and consumers are likely to remain in e ceutious spending mood for the time being.

Private plant and equipment investments have started to slowly recover, but they still lack vitality. Shipments of capital goods (excluding transportation machinery), e major forecaster of private plant and equipment investments, heve been on an upswing since the Jenuery-March quarter of 1976, but registered a decrease of 3.1 per cent this January, from tbe previous montb (seasonally adjusted).

Private orders for mechinery (excluding ships) increased by 5.7 per cent in Jonuary over the previous month after a 15.5 per cent gain in December. However, the increase of machinery orders has depended mainly on contracts with electric power companies, and hence, the basic keynote of such orders has continued to be weak.

Beceuse the equipment operation rate in the manufacturing sector remains low and the rally of corporate earnings has been minor, the increase of private plant and equipment investments, if any, will continue slow and modest.

Private inventory investments in the October-December quarter of 1976 totalad ¥2,041,300 million (based on real GNP), up soundly over the ¥1,869,400 million in the July-September quarter.

In view of weak final demand, the increase of these investments during the October-December quarter evidently depended on gains of negative inventories. The inventory level is still high, and moves to adjust supplies are expected.

### Housing investments & fiscal outlay

In housing investments, housing starts this January registered an estimated 8.6 per cent increase over the year-ago level, compared with a 3.6 per cent decrease last December. Housing investments are likely to continue stiff as housing starts continued in and after February with loans extended by the Housing Loan Corporation last November. Loans extended this January also will support such starts after March.

Governmental payments for public works projects dropped by 6.2 per cent in the October-December quarter of 1976 from the year-ago level. However, the January-February average this year mode a sound gain of 6.6 per cent over a ycor ago.

Fiscal expenditure is likely to continue e steady increase for some time on the strength of the additional appropriation for public works projects under the fiscal 1976 supplementary budget end the advance of public works contracts.

### Brisk exports

Exports in February slipped by 1.1 per cent from January (based on the IMF formula; seasonally adjusted). However, export trade in February still gained sharply by 21.6 per cent over a year before.

The average value of export letters of credit (an advance indicator of export trade) received in January and February also increased soundly by 9.5 per cent over the previous quarter.

However, the international climate surrounding Japan's export trade is expected to become more severe as indicated by rising moves in the U.S. and the European Community calling for restricted imports from this country and the continuously stiff tone of the yen rate. The future outlook for export trade is far from optimistic.

In a broader context, economic activity is likely to moderately accelerate the expanding tempo in view of the current trend of major demand factors. From the micro-economic viewpoint, bowever, the current business stall is expected to continue for some time, particularly in view of recent trends in corporate performance and employment.

### Prices

February's consumer price index in the Tokyo metropolitan district advanced 0.6 per cent over the previous month and 9.3 per cent over a year ago mainly due to an iocrease in vegetables. The national consumer price index is estimated to have made a sharp gain after the advance of 1.0 per cent over a month ago and 9.2 per cent over a year before in January.

It appeors unlikely thet the Government's target of a 8.6 per cent advance of consumer prices in fiscal 1976 (ended March 31, 1977) will be reached.

The wholesale price index in February rose 0.4 per cent over the previous month, after a 0.1 per cent dip in January.

The basic supply-demand halence continues to be generally weak, and wholesale prices are expected to remain comparatively stable for some time.

### Corporate finance

The money market in April is likely to be in surplus due to the seasonel excess of payments over receipts in Treasury accounts, although the size of the surplus may change. This depends on when the Diet approves the fiscal 1977 budget and the volume of Government bonds to be floated.

No changes are likely in the Government's fundemental policy, and the money merket, as a whole, should continue easy.

Corporate finance elso will continue calm, as corporate demand for funds has been steble and interest rates on loans are declining in the wake of the recent reduction of the official discount rate.

Trends in Trade Balance and Yen Upvaluation


Source: The Ministry of Finance and The Bank of Japan
Note: Trade balance seasonally adjusted, yen upvaluation on IMF formula

# INTL. FINANCIAL AND COMPANY NEWS

**AMERICAN NEWS**

## Poor first quarter for Exxon

BY STEWART FLEMING

NEW YORK, April 25.

EXXON, the world's largest oil company, to-day reported a sharp decline in first quarter earnings from $730m. in the same period of 1976 to $645m.

The earnings decline, although sharper than some analysts were anticipating, was not in itself unexpected. Last year the company recorded an extraordinary gain of $84m. on the conversion into dollars of foreign currency assets and liabilities. No such increase was expected in the first quarter of 1977, and in fact the company said that net foreign exchange gains totalled $10m.

Mr. C. C. Garvin, Exxon's chairman, said that earnings for the company before financial charges were also lower by 3 per cent. to $713m. in spite of the increase in sales from $13bn. to $14.3bn.

In the U.S., exploration and production earnings totalled $252m., about the same as in 1976 first quarter.

He reported that earnings from U.S. refining and marketing operations fell by 58 per cent. to $37m. and that although U.S. chemical operation earnings at $37m. were essentially unchanged, chemical earnings abroad fell $10m. to $18m. before financing charges.

Refining and marketing earnings abroad rose by $25m. to $53m., partly reflecting some recovery in the depressed European market. Exxon said.

### Sohio profits down

STANDARD OIL Company of Ohio (Sohio) net profits in the first quarter of the year were reduced to $187m. or 63c a year from $24.3m., or 63c a year earlier.

Holding down the company's performance were higher borrowing to finance development of Alaskan north slope oil and gas reserves, unrecovered crude oil price increases and bad weather, though an improvement was seen in March.

First quarter net interest rose to $17m. ($7.8m.) as a result of higher borrowing for the north slope development. Net interest will continue to rise this year and after the start up of the Alaskan pipeline.

### Continental Corp.

NET EARNINGS from operations of Continental Corporation in the first quarter rose sharply, to $42m., from $22.8m. in the same period last year. Net earnings a share came to $1.58, against 86c.

With net realised capital gains of $800,000 taken into account, the quarter's net profits were $42.8m. or $1.61. In the first quarter of 1976, after a net realised capital loss of $200,000, the net was $22.6m., or 86c a share.

| UNITED BRANDS | | |
|---|---|---|
| First Quarter | 1976-77 $ | 1975-76 $ |
| Revenue | 581.6m. | 557.4m. |
| Profits | 3.8m. | 2.6m. |
| Per share | 0.27 | 0.19 |

| R. J. REYNOLDS IND. | | |
|---|---|---|
| First Quarter | 1976-77 $ | 1975-76 $ |
| Revenue | 1.55bn. | 1.31bn. |
| Profits | 88.06m. | 75.59m. |
| Per share | 1.84 | 1.60 |

| BABCOCK AND WILCOX | | |
|---|---|---|
| First Quarter | 1976-77 $ | 1975-76 $ |
| Revenue | 432.2m. | 423.8m. |
| Profits | 14.9m. | 16.9m. |
| Per share | 1.23 | 1.40 |

| BURLINGTON INDUSTRIES | | |
|---|---|---|
| Second Quarter | 1976-77 $ | 1975-76 $ |
| Revenue | 598.2m. | 568.8m. |
| Profits | 23.6m. | 23.7m. |
| Per share | 0.83 | 0.85 |
| Share dil | 0.78 | 0.83 |
| Six Months | | |
| Revenue | 1.15bn. | 1.11bn. |
| Profits | 43.7m. | 48.3m. |
| Per share | 1.54 | 1.73 |
| Share dil | 1.47 | 1.68 |

| POLAROID | | |
|---|---|---|
| First Quarter | 1976-77 $ | 1975-76 $ |
| Revenue | 181.5m. | 182.1m. |
| Profits | 14.0m. | 10.6m. |
| Per share | 0.43 | 0.32 |

| STUDEBAKER-WORTHINGTON | | |
|---|---|---|
| First Quarter | 1976-77 $ | 1975-76 $ |
| Revenue | 319.5m. | 290.7m. |
| Profits | 15.6m. | 8.3m. |
| Per share | 2.43 | 1.47 |
| Share dil | 2.02 | 1.10 |

### Setback for Eastman Kodak

EASTMAN KODAK net profits for the first quarter of the year fell some 20 per cent. to $94.2m., from the $118.1m. of the same period in 1976, in spite of a 5 per cent. rise in sales, to $1.2bn from $1.14bn.

Market factors, the company said, prevented prices being raised sufficiently to meet rising raw material costs and higher wage rates. At the same time, earnings were reduced by $16m. (against $10m. a year earlier) as a result of "the unfavourable effect of exchange gains and losses and adjustments related to foreign currency translations."

Sales of instant photo products increased, but had not reached the point where manufacturing, marketing and distribution costs were fully offset.

Net earnings per share in the quarter were 58c, against 73c. Earnings from operations came to $175.8m., or 11 per cent. less than the $197.4m. a year earlier.

| BOISE CASCADE | | |
|---|---|---|
| First Quarter | 1976-77 $ | 1975-76 $ |
| Revenue | 521.2m. | 399.9m. |
| Profits | 24.1m. | 16.9m. |
| Per share | 0.82 | 0.57 |

| MOTOROLA | | |
|---|---|---|
| First Quarter | 1976-77 $ | 1975-76 $ |
| Revenue | 410m. | 347m. |
| Profits | 22.5m. | 16.9m. |
| Per share | 0.80 | 0.60 |

| AMERICAN AIRLINES | | |
|---|---|---|
| First Quarter | 1976-77 $ | 1975-76 $ |
| Revenue | 499.77m. | 440.32m. |
| Profits | 1.44m. | *8.84m. |
| Per share | 0.04 | *0.31 |
| * Loss. | | |
| March | | |
| Revenue | 178.36m. | 153.28m. |
| Profits | 5.23m. | 0.28m. |
| Per share | 0.17 | 0.01 |

| SQUIBB CORP. | | |
|---|---|---|
| First Quarter | 1976-77 $ | 1975-76 $ |
| Revenue | 293.8m. | 276.1m. |
| Profits | 19.8m. | 19.3m. |
| Per share | 0.44 | 0.43 |

## $350m. loan for Qatar

By Francis Ghilès

A MANDATE has been awarded to six banks, Chase Manhattan Ltd., Arab and Morgan Grenfell, First Chicago Ltd., Wardley Middle East Ltd., Banque de Paris et des Pays Bas and UBAF, which is acting as agent, to raise $350m. for seven years on a spread of 1 per cent. over Libor for Qatar. This loan will be syndicated among a small group of banks next June and carries the guarantee of the state of Qatar whose first venture into the euromarket this is.

There are four borrowers: the Qatar General Petroleum Co. will get $50m., the Qatar Fertiliser Co. $100m., the Qatar Steel Co. $100m. and a further $100m. will go to the Qatar Petrochemical Co.

● THE BANKS participating in the Electricité de France loan subscribed $850m. but EDF decided in the last resort to take up $600m. only as it did not want to overstrain the market, in other words keep the hed warm for the next bout of horrowing.

## Italian banking profits

BY PAUL BETTS

ROME, April 25.

AGAINST A background of a highly fluctuating lira and a Bank of Italy discount rate which has now reached a historic high of 15 per cent., four major Italian banks have declared over the week-end profits for last year.

The Banco di Roma announced at its annual general meeting in Rome that although there had been a slight fall in profits from L5.5bn. in 1975 down to L5bn. last year, deposits increased last year by 21.2 per cent. while lending rose by 22.7 per cent. compared with the previous year.

The bank, which is paying a dividend of L500m., has been involved in the complex affairs of the troubled Societa Generale Immobiliare di Roma (SGI), the country's biggest property and construction group which was the former sheet anchor of the empire of financier Sig. Michele Sindona who is currently fighting proceedings in the U.S. to have him extradited to Italy. SGI is reported to have total debts of some L500bn., with the Banco di Roma alone believed to have loans outstanding to the company of at least L140bn.

However, at the bank's annual general meeting, it was confirmed that a consortium of credit agencies who underwrite a convertible bond issue of L35.5bn. to pump badly needed cash into the ailing property group, had now been formed.

The decision to raise fresh capital for SGI to reconstruct its financial structures after the heavy burden of debts inherited following what are believed to have been foreign exchange and commodity market losses incurred during the former management of Sig. Sindona was taken after the recent failure of the company's six-for-ten rights issue. Only 17.3 per cent. of the rights issue, which was to have raised a total of L58.5bn., was taken up by SGI shareholders.

Interbanca, another Italian credit agency with a link with the former empire of Sig. Sindona, has also declared a profit last year of L.5.1bn. compared with L:1.9bn. the previous year.

At its annual general meeting, the bank said it had resolved the problem over the New York-based Franklin National Bank, formerly owned by Sig. Sindona.

Interbanca said it resolved the controversy arising from the deposits it held on behalf of the Franklin bank by turning these, including interests, over to the American Federal Deposit Insurance Corporation which has taken over Franklin Bank's outstanding credits.

The sum in question amounted to $10m. of capital and some $3m. of interest.

The other two leading banks to declare profits were Credito Italiano, whose profits last year increased to L7.9bn. from L7.8bn. the year before, and Centrobanca, whose profits last year totalled L2.75bn. was announced [illegible] 7 per cent. compared with the previous year, Credito Italiano's rose by about 13 per cent.

**CREDIT SUISSE**

## Questions still unanswered

BY JOHN WICKS IN ZURICH

THE ANNOUNCEMENT by Credit Suisse that the Liechtenstein company Texon-Finanzanstalt handled clients' funds of the bank's Chiasso branch and invested them in certain Italian companies answers a central question in the story of the biggest Swiss bank scandal for years. It also leaves a lot of questions still open.

Of particular interest are the possible links between Texon, the various Italian groups named to-day and Credit Suisse itself.

Texon-Finanzanstalt was set up in Vaduz on April 17, 1961, an "anstalt" in Liechtenstein being a form of holding company engaged in business outside the principality. Generally, capital of a company of this kind is minimal, since Liechtenstein tax is calculated on equity. In this case, Texon has a capital of Sw.Frs.500,000. The Board consists of Alfredo Noseda, of the Chiasso law partnership Noseda e Maspoli; the Vaduz lawyer Franz Gstoehl, who is consul of Sao Salvador in Liechtenstein; and his son Harry Gstoehl, also practising as a lawyer in Vaduz.

While Giovanni Riolfo, spokesman for the Italian Winefood group, last week assured the Financial Times that there was absolutely no connection between the affairs of the Chiasso branch and his firm, Credit Suisse, to-day named the Winefood concern as one of the companies in which Texon-Finanzanstalt invested.

Further more, Mr. Noseda—a well-known Ticinese lawyer who also serves on the Board of the Ticinese cantonal bank—and Harry Gstoehl are both on the Board of Winefood's Liechtenstein associate, International Wine and Food Company, of Mauren. Consul Gstoehl is the Liechtenstein company's "representative." The Mauren undertaking, which also goes by the name of Winefood Establishment, was formed on March 22, 1968, and has a capital of Sw.Frs.500,000.

### Albarella

The Italian headquarters company, Winefood SPA, itself had a capital of L26bn., according to latest registrations. Last year, working with 44 Italian and foreign subsidiaries in the wine, catering and real estate field, Winefood showed a profit of L91m. Harry Gstoehl last week told the FT that it was an "extremely sound" company. Apart from its many Italian companies the group has subsidiaries in France, Belgium, Canada and the United States and a contact office in Germany. There were plans late last year to open a company in Switzerland.

Mr. Noseda is also president of Winefood SPA. Winefood SPA has said that Mr. Noseda and two other Ticinese, Dr. Alexandro Villa and Dr. Elbio Gada, will be leaving the Corsico company's board in a complete restructuring.

The name of Mr. Noseda also occurs in connection with the Albarella resort development concern to which Texon also passed Credit Suisse clients' funds. The board of the Chiasso holding company Alideco Mare SA ("Alideco" is short for "Albarella Island Development Corporation") links up three of the companies involved in the affair, in fact, consisting of Mr. Noseda, the suspended director of Credit Suisse's Chiasso branch Ernesto Kuhrmeier and Alberto de Marchi—managing director of the Winefood concern in Corsico, Italy. In fact, de Marchi resigned from the "Club Albarella" in January.

Another link between Winefood and Albarella is that of the appointment of Professor Giovanni Riolfo, press spokesman of Winefood, to be "General Secretary" of the club last year.

The president of Alideco Mare and also of the Chiasso companies Alideco Neve SA and Helfio Holding SA is Dr. Armando Pedrazzini. Dr. Pedrazzini, the initiator of the Albarella Mare Island Resort Development near Venice and the Albarella Neve project on the St. Bernard pass in Switzerland, has been ill for some time after a heart attack last year, has given up his practice and appears to be backing out of the Albarella undertaking—an entry in the Ticinese company gazette last Friday showed him as having given up sole board membership in ten "Albarclub" holding companies in Chiasso.

A Ticinese source close to Albarella says Pedrazzini had worked in co-operation with Credit Suisse This is understood to refer to bank financing for Albarella. The Island project appears to be doing well, all 2,000 lots having been sold to the public, while the Swiss mountain project Albarella Neve ran into serious financial difficulties due to the jump in the Swiss-Franc exchange rate, the Swiss government rules against foreigners purchasing real estate in Switzerland and apparently also from a decline in the capital outflow from Italy into Switzerland, a loss exceeding Sw.Frs.20m. was incurred.

Whatever the final details, the affair is now proved without doubt to involve the investment of short-term funds in long-term projects, at least part of the money involved coming from and going to Italy. It seems that this sort of business is, in fact, now starting to become less attractive, particularly now that the Swiss-Franc-Lira exchange rates seem to have settled down again.

As to the way in which the transactions took place, this will have to be determined by the auditors and—since the arrest to-day of the three Chiasso branch executives—the Sotto-ceneri district public prosecutor. The Swiss National Bank Federal Banking Commission Ministry of Finance and the [illegible] administration are all looking at the case, too.

### Auditing

Fundamentally, the chaos appears to have been opened up by the fact that fiduciary accounts have for the past few years been excluded from bank balances by the Swiss authorities. This, and probably also the fact that special bank auditing covers the year previous to that covered by the statutory corporate auditing in a bank annual report, would make an improper channelling of trustee funds earlier than would otherwise be the case.

Also, Credit Suisse alleges that separate book-keeping existed for the transactions in question, so that normal auditing would in any case not necessarily have hit on the Liechtenstein funding immediately.

It appears that at least some steps may now be taken by the Swiss authorities to counter conditions which make transactions of this kind relatively simple. Questions could arise, too, as to the number of staff with right of signature. In the Chiasso branch, with 280 employees, as many as 35 had right of signature. Chiasso branch director Meinrad Pele Perler told the Zurich paper Tat early last week

**EUROBONDS**

## Secondary market steady

BY MARY CAMPBELL

THE INITIAL reaction of the secondary market to the large volume of new issues announced over the weekend was considerably better than might have been feared. Prices were marked down about a quarter of a point in quiet trading conditions, but there was little sign of selling interest, dealers reported.

Indeed, according to one dealer price mark-downs tended to bring in buyers. The main immediate effect of the new announcements was to increase demand for the previous tranche of issues announced earlier last week. The British issues are apparently benefiting particularly because of their higher yields, and the size of the Reed International offering has been raised from $30m. to $40m.

A major feature was the very sharp fall in the price and the widening of the spread on the Crédit Suisse convertible following Crédit Suisse's statement on the recipient of the trust funds from its Chiasso branch and the arrest of the three senior officers of the branch. The price of the convertible closed at 89/91, the low point for the day, down from 95/6 at the close on Friday.

The size of the Winnipeg issue has been increased to $40m. from the scheduled $35m. and the price fixed at 100½ on the 8½ per cent. coupon, as indicated.

BONDTRADE INDEX

| | Yesterday | Friday |
|---|---|---|
| Medium term ... | 102.99 | 103.00 |
| Long term ...... | 95.80 | 95.77 |
| Convertible ... | 108.87 | 109.40 |



## Th. Brandt sales rise by 34%

By David Curry

PARIS, April [illegible]

THE BIG FRENCH electrical engineering group, Thomson-Brandt, has posted a 34 per cent. gain in 1976 turnover to Frs.16.865bn. Some Frs.1.7bn. of this is due to the incorporation for the first time of former ITT subsidiary Materiel Telephonique, but even discounting this the advance is still around [illegible] per cent.

After Frs.113m. depreciation and Frs.115m. corporation tax, parent company operating profit came to Frs.145.[illegible] against Frs.108.7m. After extraordinary items, final profit was Frs.140.1m. against Frs.131.2m.

The dividend will be raised by the 6.5 per cent. permitted by the Government to Frs.15.15, including tax credit, against Frs.14.25, while it is intended to increase capital by incorporating reserves on the basis of one new share for [illegible] old ones. The board is also seeking shareholders' permission to intervene on the stock exchange to sustain the share price which has fallen to an average of Frs.151 compared with an asset value of Frs.280, excluding the effect of any revaluation of fixed assets or shareholdings or consideration of working capital.

## Burmeister cuts payroll

By Hilary Barnes

COPENHAGEN, April 25.

BURMEISTER AND WAIN, the Copenhagen shipyard, announced over the week-end that it is dismissing [illegible] workers and 120 salaried officials over the next few months. This will almost halve employment at the shipyard, which only two years ago was up to over 3,000. The yard specialises in the production of bulk carriers. It has orders on hand which will provide work until the summer of 1978.

The yard made a substantial profit in 1976 and expects to make satisfactory earnings again this year, but unless new orders are received very shortly, the yard would appear to have no future.

## Rorento switches

By Christopher Hill

RORENTO, the Dutch fund which invests in international fixed-interest securities, reports "sweeping changes" in its investment policy since last summer.

Whereas in its interim report it mentioned significant purchases of U.S. dollars and Deutschemark assets, since August it has bought very large amounts on the Dutch bond market and reduced the dollar and Deutschemark holdings.

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INTERNATIONAL FINANCIAL NEWS

# Peak half year revenues for securities houses

BY DOUGLAS RAMSEY

TOKYO, April 25.

CASHING IN on the stock market boom last December and January, Japan's major securities companies are reporting record revenues for the business term ending March 31.

Daiwa and Yamaichi, the third and fourth ranked houses, to-day six month period, posting revenues of Y49.4bn. and Y53.9bn. respectively. Net income at Yamaichi was 136 per cent. up on the year-ago level at Y4.8bn. Daiwa, meanwhile, saw its net earnings increased to a record Y8bn.

Big increases in commission earnings were responsible for the strong performance of these and other Tokyo securities firms. NIKKO, number two in the industry, will report in its mid-year accounts to-morrow a figure of Y12bn. ($43.28m.) for net commissions in the period, up 42.6 per cent. on the year-ago level and perhaps ahead of Nomura, the biggest Japanese security company. Nomura also reports to-morrow.

In terms of stock volume traded on the Tokyo Stock Exchange, though, Nikko has fallen back slightly from its best-ever showing in the last fiscal year (to September) when it transacted 14.34 per cent. of all shares traded on the TSE. Nomura also has reportedly seen a decline in its share from 15.43 per cent. to 15.65 per cent., and Yamaichi from 9.69 per cent. to 9.16 per cent. Daiwa was the only one of the big four (which together accounted for around half of turnover on the TSE) to post a rise in its share, from 10.15 to 10.46 per cent.

Meanwhile, turnover on the Tokyo Exchange kept strongly ahead of the preceding period.

Despite a drop in its share of TSE transactions, though, Nikko managed to boost its commissions from Y2.88 per share to Y3.19. Nikko's earnings in the business term just ended, thanks to its bright commission performance, were up 22.6 per cent. on a post-tax basis to Y12.6bn. Revenues in the period were up 15.3 per cent. on the year-ago level, for a total of Y58.7bn. (according to unconsolidated and unaudited figures supplied to the Financial Times).

The structure of Nikko's commission earnings, significantly, changed in the recent business term, with much greater reliance on stock and investment trust (as against bond market) trading. In the past fiscal year 65 per cent. of Nikko's commission came off stock transactions but the figure was 68 per cent. in the term just ended. Likewise, investment trust commissions were up from 11 per cent. to 15 per cent., while those on bonds declined (although in yen terms bond market commissions were outpacing last year, with Y7.2bn. recorded in six months compared with Y13.3bn. in all of fiscal 1976.

According to Nikko, foreign investors account for about 4 per cent. of gross commission revenue, or about the same as last year.

# Loan of $300m. for Quebec well received

By Robert Gibbens in Montreal and Francis Ghilès in London

THE PROVINCE of Quebec is raising $300m. in the medium term market for seven years at a split rate above Libor of 1¼% for the first two years and 1½% for the remaining five. Joint lead managers are Royal Bank of Canada, Canadian Imperial Bank of Commerce, Bank of Montreal and Orion which is also acting as agent. There are eight co-managers and the loan has been fully underwritten.

The loan is said to have been well received in the market which suggests that the joint lead managers will not have to take up their full commitment. Quebec's Finance Minister Jacques Parizeau pointed out that "the road to independence means healthy financing" in his speech presenting of the Province's budget on April 12.

Direct borrowings by the Province in the current fiscal year to March 31, 1977, will be $900m. while those of the Province and its entities (including Hydro Quebec, municipalities) will be $C3bn. representing nearly a 50 per cent. cut from last year's $C5.7bn. (approximately $5.2bn.). Of the overall borrowings by the Province this year, Hydro Quebec will absorb just over a third or $1bn.

Canada was the single most important borrower in the Eurocurrency market in the fourth quarter of 1976 ($2.9bn.), but slowed down its rate of borrowing to $2.1bn. in the first quarter of this year.

As far as borrowings in the U.S. bond market Canadian entities have reduced their issues in the first quarter of 1977 to $650m. from the $1.4bn. they raised between October and December, 1976. Political uncertainties probably explain why the Province and Hydro Quebec, to name but two well known borrowers, have not appeared in the New York market this year.

Last year they raised between them $1.4bn. Some Canadian borrowers who raised a lot of money last year may also have satisfied their requirements for the time being and for some time to come. Meanwhile the yields on outstanding bonds issued by Quebec borrowers have risen by between 15 per cent. and 20 per cent. since the end of last October while those on other Canadian bonds have on the whole dropped.

# S. Kopparberg stock dividend

BY WILLIAM DULLFORCE

STOCKHOLM, April 25.

STORA KOPPARBERG, the Swedish steel and forest industry group which recorded a 64 per cent. profits collapse last year, sees little hope of a better performance in 1977. Stocks of finished goods are large, plants will not be able to work to capacity and production cuts will have to be effected, shareholders are told in the final 1976 report.

There are other elements in the report, however, which lighten this sombre outlook. Thus, the proposed cut in dividend from Kr.12 to Kr.10.50 a share for 1976 is balanced by a stock dividend of one-for-two, effected by writing up the book value of the group's extensive forest and farm holdings. This would raise the share capital to Kr.750m.

Even this bonus only partially explains the Kr.50 rise in the price of the Stora Kopparberg shares on the Stockholm Exchange in March after the announcement of the preliminary result for 1976. A more fundamental factor is the restructuring by which the group is steadily paring away its unprofitable steel operations and transforming itself into a forest industry concern with its raw material sources.

The Board states flatly that the other group sectors cannot continue to support the steel sector financially, thereby endangering their own expansion. Last year Stora Kopparberg freed some Kr.500m. (£33m.) in capital by disposing of its special steel and stainless steel plate operations and by transferring heavy plate production to Granges' Oxelösund works.

This process is likely to be speeded up after the publication last week of the Government white paper on the steel industry, which proposes that Stora Kopparberg's Domnarvet works should be the main object of the required retrenchment.

The other bull element in the 1976 report is the relatively good performance in a depressed market of Stora Kopparberg's forest-based industries, which were expanded during the year by the acquisition of the Bergvik och Ala pulp and paper company. To the operating profit after ordinary depreciation of Kr.209m. the forest sector contributed Kr.317m. compared with losses of Kr.191m. on steel.

The difference is made up by the Kr.101m. earnings from the group's power plants, which have an installed capacity of 1,380 MW and constitute another strength factor.

The 1976 profit and loss account applies depreciation at historic cost instead of the repurchase values used in the 1975 account. It shows earnings of Kr.99.2m. (£11.9m.), of which nearly Kr.90m. was contributed by Bergvik och Ala, compared with Kr.282.5m. in 1975. The figure includes stock appreciation of Kr.118m.

The financial burden of the stocks, which rose by a further Kr.460m. last year to Kr.1.67bn., is reflected in the Kr.67m. growth in net interest costs to a total of over Kr.123m. Long-term borrowings increased by Kr.620m. and short-term loans by Kr.234m. Cash and bank holdings dropped by Kr.26.6m. to just over Kr.100m. The solvency ratio declined significantly, but at just over 30 per cent. remains fairly high by Swedish company standards.

● THE MARKET situation and the competitive position must improve substantially during the second half, if MoDo, the Swedish pulp and paper concern, is to avoid a loss this year, it is stated in the 1976 shareholders' report. Last year MoDo's earnings plunged from Kr.218.5m. to Kr.62.5m. (£7m.) on a Kr.1.88bn. (£240m.) turnover.

The final report illustrates the liquidity problems bedevilling the concern as a result of declining margins, large stocks of unsold goods and heavy investment expenditure. The management had expected to maintain earnings last year but was thwarted when the market recovery scheduled for the final four months failed to materialise.

Investment spending was Kr.529m., of which the bulk concerned the expansion of pulp and paper capacity at the Husum plant.

# Nestlé recommends higher dividend

BY JOHN WICKS

ZURICH, April 25.

THE BOARD of Nestlé Alimentana SA, the Vevey-based parent company of the Nestlé group, is on May 12 to recommend to its annual general meeting payment of an increased dividend of Sw.Frs.72 per share, following the rise in net profits for 1976 to Sw.Frs.254.5m. (Sw.Frs.229.5m.). The company's dividend has been Sw.Frs.65 since 1972. Dividend rates for the Panama holding company Unilac Inc. will remain at the previous year's level of $US5.50 per Ordinary share and $45.50 per founder share.

At a press conference in Zurich, company president Dr. Arthur Fürer expressed his satisfaction at the rise in consolidated group trading profits in 1976 to a record Sw.Frs.1.8bn. (1975: Sw.Frs.1.68bn.). This figure represented 9.5 per cent. of the group turnover for the year of Sw.Frs.19.06bn. (Sw.Frs.18.28bn.). Dr. Fürer said it would be hard to improve upon this in 1977, particularly in view of the rise in coffee and cocoa prices. Last year's profitability, in terms of trading profit as a share of sales, was the best the group has experienced since 1970.

Consolidated net profits, which reached a peak level of Sw.Frs.872m. (1975: Sw.Frs.799m.), were equal to 4.6 per cent. of consolidated turnover. Dr. Fürer said that Nestlé would like to return to the 5 per cent. share attained last in 1970, but that "this year is not the best point of departure." Nestlé hopes for a "decent" result in 1977.

The group again experienced a lower Swiss franc turnover than would have been the case otherwise as a result of the exchange rate situation. Had other currencies not continued to deteriorate against the Swiss francs in which group figures are expressed, the turnover would have risen by some 16 per cent. instead of by only 4.2 per cent.

The Nestlé group turnover last year showed a further strengthening of the share of instant and liquid drinks, from 30.8 to 32.6 per cent of all sales, while turnover in milks, cheese, yoghourt and other chilled products fell from 24.4 to 22.7 per cent. of the whole; the cheese operations are now doing rather better after a long problem period say Nestlé, while the Chambourcy programme is being built up gradually.

Elsewhere soups and other so-called culinory and sundry products retained their 1975 share of 20.1 per cent. of group sales, chocolate, cocoo and confectionary accounted for 9.3 (9.4) per cent. of the sum, frozen foods and ice cream for 7.9 (7.8) per cent. The remaining 7.4 (7.5) per cent. was made up by sales of infant foods and dietetic products.

Last year, the group held back to some extent in its investments since business was expected to present difficulties. Total capital expenditure fell back by Sw.Frs.58m. to Sw.Frs.627m., and projects in the production sector were directed mainly to maintenance and modernisation and only in a few cases at expansion of existing capacities. Dr. Fürer expects that investments may turn out rather higher in 1977, but he says that Nestlé is still cautious with regard to expenditure. The group will continue its policy of extending its sales programme, including expansion in diversification products where Nestlé possesses knowhow. Acquisitions may be made if necessary, although these would hardly be of a major nature.

Nestlé also intends to introduce hotel and restaurant activities to new countries. The "Rusty Scupper" restaurant chain taken over last year by Stouffer Corporation plans to branch out in the Middle West, while a self-service restaurant chain called "Go-In" is developing successfully in Finland in cooperation with the Fazer Group. Certain plans are also under study for hotels outside Europe.

Among new diversification activities, Nestlé has embarked on a joint-venture with the U.S. firm Archer Daniels Midland Company in Brazil aimed at soya-seed vegetable proteins. Developments involving all or part of the soya seed are being actively studied for various product categories in several countries.

## SELECTED EURODOLLAR BOND PRICES MID-DAY INDICATIONS

| | Bid | Offer |
|---|---|---|
| **STRAIGHTS** | | |
| Alcan Australia 8½pc 1989 | 100½ | 101½ |
| Australia 8½pc 1991 | 103 | 103½ |
| Bowater 9½pc 1986 | 103½ | 104½ |
| Can. N. Railway 8½pc 1986 | 101½ | 102 |
| Credit National 8½pc 1986 | 99½ | 100½ |
| Denmark 8½pc 1984 | 101½ | 102½ |
| ECS 9½pc 1986 | 104½ | 105 |
| EIB 8½pc 1998 | 101 | 102 |
| EMI 9½pc 1989 | 101½ | 102 |
| ERAP 9½pc 1983 | 104 | 104½ |
| Ericsson 8½pc 1989 | 100½ | 101½ |
| Esso 8pc 1986 Nov. | 103½ | 104 |
| Eurofima 9½pc 1983 | 102½ | 103½ |
| Granges 8½pc 1983 | 103½ | 103 |
| Gt. Lakes Paper 8½pc 1984 | 101 | 101½ |
| Hamersley 9½pc 1992 | 103½ | 104½ |
| ICI 8½pc 1987 | 98½ | 100 |
| ISE Canada 9½pc 1986 | 106 | 106½ |
| Macmillan Bloedel 9pc 1992 | 102½ | 103½ |
| Massey Ferguson 9½pc 1991 | 104½ | 105 |
| Michelin 9½pc 1983 | 103½ | 104½ |
| Midland Int. Fin. 8½pc 1985 | 101½ | 102 |
| MODO 9pc 1986 | 100½ | 101 |
| Ntl. Westminster 9pc 1986 | 103 | 103½ |
| Newfoundland 9pc 1989 | 103½ | 104½ |
| Norges Kom. Bk. 8½pc 1991 | 99½ | 100½ |
| Norpipe 8½pc 1989 | 100½ | 101 |
| Norsk Hydro 9pc 1991 | 103½ | 104 |
| Norsk Hydro 8½pc 1992 | 99 | 99½ |
| Oslo 9pc 1988 | 102½ | 103½ |
| Ports Autonomes 9pc 1991 | 100½ | 101½ |
| Prov. Quebec 9pc 1984 | 102½ | 103½ |
| Quebec Hydro 8½pc 1986 | 99½ | 100 |
| Prov. Saskatch. 8½pc 1986 | 102½ | 103½ |
| Skand. Enskilda 9pc 1991 | 102½ | 103½ |
| SKF 8pc 1987 | 98½ | 99½ |
| Volvo 9½pc 1985 | 106 | 106½ |
| Volvo 8pc 1987 March | 97½ | 98½ |
| **NOTES** | | |
| Australia 8½pc 1983 | 103 | 103½ |
| Australia 8½pc 1988 | 102½ | 103 |
| Bell Canada 7½pc 1987 | 99½ | 100 |
| Dow Chemical 8pc 1986 | 102½ | 103½ |
| ECS 7½pc 1982 | 98 | 98½ |
| EEC 8½pc 1982 | 102 | 102½ |
| Enso Gutzeit 8½pc 1984 | 98½ | 99 |
| Gotaverken 8pc 1982 | 101½ | 102½ |
| Hitachi Shipbldg. 7½pc 1984 | 97½ | 98½ |
| Kockums 8pc 1983 | 100½ | 101 |
| Michelin 8½pc 1983 | 101½ | 102½ |
| Montreal Urban 8½pc 1981 | 103 | 103½ |
| Natnl. Coal Board 8½pc '81 | 101½ | 102½ |
| New Bruns. Prov. 8½pc '83 | 103½ | 104½ |
| New Zealand 8½pc 1984 | 101½ | 103½ |
| Nippon Fudosan 8pc 1981 | 100½ | 101 |
| Ontario Hydro 8pc 1987 | 99½ | 100½ |
| Singer 8½pc 1982 | 101½ | 102½ |
| S. Scotland Elec. 8½pc '81 | 101½ | 102 |
| Swedish State Co. 7½pc '82 | 99½ | 100½ |
| Venezuela 8pc 1984 | 98½ | 99 |
| **FLOATING RATE NOTES** | | |
| BNP 5½pc min. 1983 | 99½ | 99½ |
| Bk. Tokyo Hg. 6½pc min. '81 | 101 | 101½ |
| Creditanstalt 7pc min. 1981 | 101½ | 101½ |
| IBJ 6pc min. 1982 | 99½ | 100½ |
| Intl. Westmstr. 6pc min. '84 | 99½ | 99½ |
| Lloyds 7½pc min. 1983 | 101½ | 102½ |
| LTCB Japan 6½pc min. '83 | 100½ | 100½ |
| Midland 6pc min. 1987 | 98½ | 99½ |
| Wms. & Glyns 6½pc min. '84 | 100½ | 100½ |
| **D-MARK BONDS** | | |
| Austria 6½pc 1985 | 100½ | 101 |
| Beecham 8pc 1983 | 107½ | 104½ |
| Berera 7½pc 1989 | 103 | 107½ |
| BFCE 7pc 1987 | 99½ | 100½ |
| EIB 6½pc 1984 | 100½ | 101½ |
| ICI 7½pc 1986 | 103 | 104 |
| New Zealand 7½pc 1988 | 104½ | 105½ |
| Norway 6½pc 1982 | 101½ | 102 |
| Shell 6½pc 1989 | 103½ | 104 |
| Statsforetag 7pc 1983 | 100½ | 101½ |
| World Bank 7pc 1987 | 101 | 101½ |
| Source: White Weld Securities. | | |
| **CONVERTIBLES** | | |
| American Express 4½pc '87 | 83 | 85 |
| Ashland 5pc 1988 | 93½ | 95½ |
| Beatrice Foods 4½pc 1992 | 97½ | 99½ |
| Beatrice Foods 4½pc 1992 | 108 | 109 |
| Borden 5pc 1992 | 105½ | 107½ |
| Broadway Hale 4½pc 1987 | 76½ | 78½ |
| Canon Camera 7½pc 1990 | 207 | |
| Carnation 4pc 1987 | 93 | 95 |
| Chevron 5pc 1988 | 125 | 127 |
| Dart 4½pc 1987 | 78 | 80 |
| Eastman Kodak 4½pc 1988 | 94½ | 96½ |
| Economic Labs. 4½pc 1987 | 80 | 83 |
| Fed. Dept. Stores 4½pc '85 | 100 | 102 |
| Firestone 5pc 1988 | 84 | 86 |
| Ford 6pc 1986 | 97½ | 99½ |
| Ford 5pc 1988 | 86 | 88 |
| General Electric 4½pc 1987 | 89½ | 89½ |
| Gillette 4½pc 1987 | 79 | 81 |
| Gould 5pc 1987 | 125½ | 127½ |
| Gulf and Western 5pc 1988 | 83 | 85 |
| Harris 5pc 1992 | 170 | 172 |
| Honeywell 6pc 1986 | 89 | 91 |
| ITT 4½pc 1987 | 83 | 85 |
| Komatsu 7½pc 1990 | 107½ | 108½ |
| J. Ray McDermott 4½pc '87 | 151 | 153 |
| Mitsubishi Elec. 7½pc 1991 | 128½ | 130 |
| Mitsui 7½pc 1990 | 110½ | 111½ |
| J. P. Morgan 4½pc 1987 | 98½ | 100½ |
| Nabisco 5½pc 1988 | 98 | 100 |
| Owens Illinois 4½pc 1987 | 123½ | 125½ |
| J. C. Penney 4½pc 1987 | 79 | 81 |
| Pioneer 6½pc 1988 | 219 | |
| Raymond 8½pc 1993 | 128 | 129 |
| Revlon 4½pc 1987 | 103½ | 105½ |
| Reynolds Metals 5pc 1988 | 97 | 99 |
| Sperry Rand 4½pc 1987 | 87 | 89 |
| Squibb 4½pc 1987 | 77½ | 79½ |
| Texaco 4½pc 1988 | 81 | 83 |
| Toshiba 6½pc 1990 | 112 | 113½ |
| Union Carbide 4½pc 1982 | 103 | 105 |
| Warner Lambert 4½pc 1987 | 82 | 84 |
| Warner Lambert 4½pc 1988 | 78½ | 79½ |
| Xerox 5pc 1988 | 79 | 81 |

Source: Kidder, Peabody Securities.

# APPOINTMENTS



## LEGAL NOTICES

No. 00905 of 1977

In the HIGH COURT OF JUSTICE Chancery Division Group A. In the Matter of A. H. PHILPOT & SONS LIMITED and in the Matter of The Companies Act 1948.

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice Chancery Division dated the 14th day of March 1977 confirming the reduction of the capital of the above-named Company from £500,000 to £335,000 and the minute approved by the Court showing with respect to the share capital of the Company as altered, the several particulars required by the above Act were registered by the Registrar of Companies on the 31st March 1977.

The said minute is in the words and figures following:

The capital of A. H. Philpot & Sons Limited was by virtue of a Special Resolution of the Company and with the sanction of an Order of the High Court of Justice dated the 14th day of March 1977 reduced from £500,000 divided into 15,000 6% First Preference Shares of £1 each, 55,000 6% Second Preference Shares of £1 each, 35,000 3% and 7½% Special Deferred Preference Shares of £1 each, 63,000 6% Second Deferred Preference Shares of £1 each, 100,000 4% Participating Preference Shares of £1 each, 38,000 6% Third Preference Shares of £1 each and 800,000 Ordinary Shares of 25 pence each to £335,000 divided into 35,000 Special Deferred Preference Shares of £1 each, 100,000 Participating Preference Shares of £1 each and 800,000 Ordinary Shares of 25 pence each. At the date of the registration of this Minute all the said shares have been issued and are deemed to be fully paid. The said Special Resolution further provides that upon such reduction taking effect the capital of the Company be increased to £500,000 by the creation of 660,000 Ordinary Shares of 25 pence each.

Dated the 20th day of April, 1977.

HOYDS BARFIELD,
46 Bedford Square,
London WC1B 3DX.
Solicitors for the Company.

No. 001249 of 1977

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of WINCARN LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 13th day of April 1977, presented to the said Court by HIGHLIGHT SPORTS LIMITED (In Liquidation) and of HIGHLIGHT CHILDRENSWEAR LIMITED, a Company in Receivership the name and address of the Joint Liquidators and Receivers and Managers being William Cawen Markie and Nigel John Hamilton care of Highlight House, Bampton Road, Harold Hill, Romford, Essex, Creditors of the above named Company, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, WC2A 2LL on the 16th day of May 1977, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

ASHLEY KALMS TRAVELL & CO.,
56 London Road,
Southend on Sea,
Essex, SS1 1QQ.
Ref: DW.16203/16416.
Tel: 0702 80666.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 13th day of May 1977.

No: 001266 of 1977

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of MAXWELL SPORTSWEAR LIMITED and in the Matter of the Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 14th day of April 1977, presented to the said Court by ALPHA LEATHER CO. LIMITED whose registered office is situate at Alpha House, The Hyde, Colindale, NW9 5EB, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, WC2A 2LL on the 16th day of May 1977, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

HERBERT OPPENHEIMER,
NATHAN & VANDYK,
20, Copthall Avenue,
London Wall,
London EC2R 7JH.
Ref: 71 BF/JK4211.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 13th day of May 1977.

No. 001273 of 1977

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of MATKNOLL LIMITED and in the Matter of the Companies Act 1948.

NOTICE IS HEREBY GIVEN that a Petition for the winding up of the above-named Company by the High Court of Justice was on the 14th day of April 1977 presented to the said Court by CATERERS BUYING ASSOCIATION LIMITED whose registered office is situate at Sea Isle House, Frogmore, St. Albans, Hertfordshire and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL on the 16th day of May 1977 and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing in person or by his Counsel for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

POTHECARY & BARRATT,
Talbot House,
Talbot Court,
Gracechurch Street,
London, EC3V 0BS.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 13th day of May 1977.

No. 001207 of 1977

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of CONCRETE FRAME CONSTRUCTION (SOUTHAMPTON) LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN that a Petition for the Winding-Up of the above-named Company by the High Court of Justice was, on the 18th day of April 1977, presented to the said Court by THE COMMISSIONERS OF CUSTOMS AND EXCISE of King's Beam House, 39-41, Mark Lane, London EC3R 7HE, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 23rd day of May 1977, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of the hearing in person or by his Counsel for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

G. KRIKORIAN,
King's Beam House,
39-41, Mark Lane,
London EC3R 7HE.
Solicitor to the Petitioners.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 20th day of May 1977.

No. 1317 of 1977

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of NUNTONLODGE LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN that a Petition for the Winding-Up of the above-named Company by the High Court of Justice was, on the 18th day of April 1977, presented to the said Court by THE COMMISSIONERS OF CUSTOMS AND EXCISE of King's Beam House, 39-41, Mark Lane, London EC3R 7HE, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 23rd day of May 1977, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing in person or by his Counsel for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

G. KRIKORIAN,
King's Beam House,
39-41, Mark Lane,
London EC3R 7HE.
Solicitor to the Petitioners.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm, and must be signed by the person or firm, or his or their Solicitor (if any), and must be served or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 20th day of May 1977.

No. 1319 of 1977

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of O'LEARY AND GREENWOOD LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN that a Petition for the Winding-Up of the above-named Company by the High Court of Justice was, on the 18th day of April 1977, presented to the said Court by THE COMMISSIONERS OF CUSTOMS AND EXCISE of King's Beam House, 39-41, Mark Lane, London EC3R 7HE, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 23rd day of May 1977, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing in person or by his Counsel for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

G. KRIKORIAN,
King's Beam House,
39-41, Mark Lane,
London EC3R 7HE.
Solicitor to the Petitioners.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 20th day of May 1977.

## COMPANY NOTICES

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
(Incorporated in the Republic of South Africa)

NOTICE TO MEMBERS

NOTICE IS HEREBY GIVEN that the sixtieth annual general meeting of members of Anglo American Corporation of South Africa Limited will be held at 44 Main Street, Johannesburg, on Wednesday, May 18, 1977 at 11h00, for the following business:

1. To receive and consider the annual financial statements in respect of the year ended December 31, 1976.
2. To elect directors in accordance with the provisions of the Corporation's articles of association.
3. To consider, and if deemed fit, to pass, with or without modification, the following resolution as an ordinary resolution:

[illegible]

Holders of share warrants to bearer who are desirous of attending or being represented at the meeting [illegible]

By Order of the Board,
[illegible]
Managing Secretary.

Registered Office:
44 Main Street,
Johannesburg 2001.

April 25, 1977.

RAND SELECTION CORPORATION LIMITED
(Incorporated in the Republic of South Africa)

US$50,000,000 6¾ per cent Convertible [illegible]

NOTICE OF ADJOURNED MEETING OF BONDHOLDERS

[illegible]

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
[illegible] D. POLLARD

Dated 26th April 1977

Notes:
[illegible]

AZNAR LINE ANNOUNCEMENT

[illegible]

KIRKLEES METROPOLITAN COUNCIL

[illegible]

PAYING AGENTS

[illegible]

## PUBLIC NOTICES

SOUTH EASTERN ELECTRICITY BOARD

Maximum Charges for Resale of Electricity

Pursuant to Section 29 of the Electricity Act 1957 the Board hereby gives notice fixing maximum charges in consideration of which electricity supplied by the Board may be resold by persons to whom it is so supplied as follows:

On and after the 1st May, 1977, the maximum charge at which electricity supplied to any person by the South Eastern Electricity Board (whether supplied on the Board's Domestic Two Part Tariff or otherwise) may be resold by such person for use [illegible]

D. A. GREEN,
Secretary.

Queen's Gardens,
Hove, East Sussex
BN3 2LS
April, 1977.

## GOURMET

GALLIPOLI RESTAURANT, [illegible]

## COMPANY NOTICES

CHANGE WARES LIMITED

NOTICE IS HEREBY GIVEN that the TRANSFER BOOKS of the Company will be closed from 9th May, 1977, to 11th May, 1977, both dates inclusive.

By Order of the Board
FRAZER, WHITING & CO.
Registrars.

[illegible]

THE PRUDENTIAL ASSURANCE COMPANY LIMITED

NOTICE IS HEREBY GIVEN that the Transfer Books and Register of Members of the above Company will be CLOSED from the 27 May, 1977, to 7 June, 1977 both dates inclusive.

By Order of the Board of Directors,
R. E. ASTUS,
R. MOODY,
Joint Secretaries.

30 March 1977
142, Holborn Bars
London, EC1N 2NH.



ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED ("AAC")
and
RAND SELECTION CORPORATION LIMITED
("RAND SELECTION")
(both of which are incorporated in the Republic of South Africa)

MERGER OF AAC AND RAND SELECTION

At the meeting of shareholders of Rand Selection held on 25th April, 1977 the special resolution for the reduction of capital of Rand Selection to give effect to the merger of AAC and Rand Selection whereby Rand Selection will become a wholly-owned subsidiary of AAC, was approved. In addition the resolutions relating to the conversion of portion of the preference share capital of Rand Selection into ordinary share capital of Rand Selection were approved. The necessary increase of ordinary share capital of AAC to effect the merger was approved at a meeting of shareholders of AAC held on the same day.

Application will be made by Rand Selection to The Supreme Court of South Africa (Witwatersrand Local Division) on 3rd May 1977 to confirm the reduction of capital of Rand Selection to give effect to the merger. If on that day the Supreme Court of South Africa confirms the reduction of Rand Selection's share capital then the salient dates of the merger will be those stated in the circular to shareholders, namely:

(a) THE RECORD DATE, i.e. the last day for Rand Selection shareholders to register for purposes of the merger will be 6th May, 1977;

(b) THE OPERATIVE DATE, i.e. the date on which—
(i) the merger will become operative; and
(ii) the listing on The Johannesburg Stock Exchange and The Stock Exchange in London for the new AAC ordinary shares allotted to give effect to the merger will commence;
will be 9th May, 1977.

Rand Selection shareholders will be informed of any change in either of these dates.

AAC share certificates (where the Rand Selection share certificates, or other documents of title, are surrendered before the operative date) will be posted on 27th May, 1977.

The rights offer of ordinary shares in Rand Selection is due to close on 6th May, 1977. If the reduction of capital of Rand Selection to give effect to the merger is confirmed by the Court, AAC proposes to make an offer to Rand Selection on behalf of the subscribers to the rights offer to allot and issue to them two ordinary shares in AAC in consideration for the cancellation of their rights to receive each Rand Selection ordinary share subscribed. Rand Selection is authorised and has undertaken to accept such offer on behalf of all the subscribers. Such AAC ordinary shares will not qualify for a proposed special dividend of 8.25 cents per share to be declared by AAC to its ordinary shareholders registered on 6th May, 1977 ("the record date"). An announcement to be made on 4th May, 1977 will give particulars of this special dividend and confirmation of the record date.

JOHANNESBURG.
26th April, 1977

London Office:
40, Holborn Viaduct,
EC1P 1AJ.



PHILIP MO[illegible]

NOTICE IS HEREBY GIVE[illegible] [illegible]

DATED: April 26, 1977.

## APPOINTMENTS

### Computer executive at GEC

Mr. C. W. Thurston has been appointed commercial director of GEC COMPUTERS. He has been

Mr. C. W. Thurston

commercial manager of the company since its inception.

★

The steel tube division of TUBE INVESTMENTS has formed a unit called the Manufacturing Consultants Department to offer professional advice and service to the 25 companies in the division. It will be co-ordinated with the established Development Engineering Department, each having its management Board chaired by Mr. John Sparr, the division's manufacturing director. The MCD Board consists of Dr. P. E. Brookes, Mr. B. J. Grew, Mr. J. Metcalfe, Mr. P. F. Sutherby, and Mr. A. V. Hemingway, also managing director of DED.

★

Mr. J. L. D. Galley, director of manufacturing of GIDDINGS AND LEWIS-FRASER has been appointed managing director from May 1. Mr. H. C. Soukup continues as chairman and chief executive. Mr. J. MacIntyre, who is production manager, is to be general manager, manufacturing.

★

A corrected BANK OF NEW SOUTH WALES announcement states that Sir Robert Norman, retiring chief general manager, and Mr. R. J. White, his successor, have been appointed directors of the Bank.

★

Mr. G. T. Geddes, Mr. D. W. T. MacKenzie and Mr. R. B. Perry are appointed directors of HOGG ROBINSON GROUP.

★

Mr. Y. Yokota and Mr. Y. Ohmori have joined the Board of DAI-TOKYO INSURANCE COMPANY (U.K.) Mr. Ohmori has recently taken up his appointment as U.K. representative of Dai-Tokyo Fire and Marine Insurance of Japan.

★

Mr. E. Lea has been appointed financial controller, BICC INDUSTRIAL PRODUCTS, and Mr. D. Henderson financial controller BICC CABLES.

★

Mr. S. A. Ford has been appointed technical director of RANSOMES AND RAPIER with Board level responsibilities. He was formerly general manager, engineering.

★

Mr. John W. S. Payne has been appointed managing director of ACCESS EQUIPMENT. He succeeds Dr. Bruce Whitwell, who has retired from that position because of ill-health but remains a director. The company is a subsidiary of William Moss.

★

Dr. Malcolm Gibson, formerly technical manager at KINGSMEAD CARPETS, has become development director.

★

Mr. Frank Twiselton, who recently retired from Whitbread Flowers, has been appointed to the Board of VINYL MASTER.

★

Mr. Edward Money, company solicitor of UNION CARBIDE U.K. and Bakelite Xylonite, has been appointed a member of the respective executive Boards of these two wholly-owned U.K. subsidiaries of Union Carbide Corporation, U.S.

★

Mr. R. G. Middleton has been appointed a director of F. H. LLOYD HOLDINGS.

★

Mr. Malcolm Brock has become commercial director and Mr. Philip White, technical director, on the Board of LINK ELECTRONICS.

★

Sir Eric Jones is retiring as a non-executive director of SIMON ENGINEERING on April 30.

★

Mr. E. D. R. Mackay has resigned as managing director of CANADA DRY (U.K.), a subsidiary of Bass Charrington, to take up an appointment in the Far East.

## CLUBS





# BUSINESS AND INVESTMENT OPPORTUNITIES

READERS ARE RECOMMENDED TO TAKE APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

# Down 12.4 on Institutional selling

BY OUR WALL STREET CORRESPONDENT

NEW YORK, April 25.

INSTITUTIONAL SELLING led to sharp and widespread losses on Wall Street to-day, reflecting the uncertain economic outlook.

The Dow Jones Industrial Average dropped a further 12.47 to a new 1977 low of 914.60, and the NYSE All Common Index lost another 69 cents to $5.30, while declines outpaced gains by more than a four-to-one majority.

Trading volume was little changed at 20.44m. (20.7m.) shares.

Analysts said that inflation continued to be a major Stock Market problem.

After the market closed on Friday, the Administration changed its economic forecast, revising upward its forecast for inflation in 1977. The Office of cent. forecast earlier. It also projected slightly higher economic growth and little change in unemployment.

There was also some concern that the Federal Reserve might allow short-term interest rates to rise because of rapid expansion of the money supply.

CC 19

Eastman Kodak dropped $4 to $60¼, following its week-end report of a 20 per cent. decline in first quarter net earnings to 58 (73) cents a share.

Phillips Petroleum were active and down $4½ to $53 on its North Sea oil blow-out.

Hospital Management stocks were lower. American Medical International lost $1½ to $17, Humana $1⅝ to $15⅝, Hospital Affiliates $1 to $19. President

### MONDAY'S ACTIVE STOCKS

| | Stocks traded | Closing price | Change on day |
|---|---|---|---|
| Eastman Kodak | 297,200 | 60¼ | −4 |
| Phillips Petroleum | 237,200 | 53 | −4½ |
| Kresge S.S. | 230,500 | 32¼ | −½ |
| General Electric | 260,900 | 51⅞ | −1¼ |
| Reliance Grp. Pr.'C' | 224,300 | 23½ | +1 |
| Pittston | 200,500 | 30 | −1⅛ |
| Amer. Home Prods. | 191,900 | 27⅝ | −1 |
| Fannie Mae | 152,900 | 18 | +⅛ |
| Patrick Petrlm. | 154,100 | 16? | +1 |
| Dow Chemical | 140,600 | 36⅝ | −1¼ |

Management and Budget changed its projection of the Consumer Price Index growth this year to 6.7 per cent. from the 5.3 per

## OTHER MARKETS

### Canada again lower

All sectors were again lower on Canadian Stock Markets yesterday.

The Metals and Minerals Index gave way 5.4 to 1,109.5, Oil and Gas 12.5 to 1,097.8, Golds 1.8 to 1,037.2, Utilities 1.21 to 147.51, Banks 1.82 to 218.63 and Papers 1.50 to 105.73.

Bell Canada lost $⅜ to $49⅛, Moore $⅜ to $31⅞, as did Dome Petroleum at $42¼ and Massey-Ferguson at $21½. Thomson Industries fell $¼ to $13.

PARIS—French shares moved downward over a wide area in moderately active trading. Brokers cited a rise in the Call Money rate to 9¼ per cent. from 9 per cent, plus the strikes called this week in the French Public and Nationalised sector.

Investors were also hesitant ahead of Premier Raymond Barre presenting his Government's 12-month plan for the French economy.

International Oils fell following the North Sea blowout

Chemicals and Electricals were most-affected by selling. Foods were mixed, however, and Constructions mostly did well.

Americans, Canadians, Gold Mines and Coppers were also weak in the International section. Dutch issues were mostly better, Germans were mixed.

BRUSSELS—Oil shares were sharply off following the Ekofisk North Sea oil rig disaster. PetroFina, which owns a 30 per cent. share in Ekofisk, dropped Frs.620 to 4,280.

Other Belgian shares suffered far smaller losses.

Steels were lower. Electrics and Metals declined. Chemicals were virtually unchanged, Holdings were lower.

Apparent improvements of the situation in Zaire led to somewhat higher prices. Fincontremer were up Frs.14 to 914.

Dutch and French stocks gained ground, Germans declined, South African Golds were little changed. U.S. issues were lower.

AMSTERDAM—Mixed trend.

Among Internationals, Akzo were up Fls.1.2 to Fls.35.30, Philips Fls.0.70 to Fls.31.20, and Unilever Fls.1.30 to Fls.131.9.

Banks and Insurances were steady, while Transportations improved. Shipping Union rose Fls.0.40 to Fls.125, Van Ommeren Fls.3 to Fls.190 and KNSM Group Fls.1 to Fls.112. But Holland America Line Holding were off Fls.0.30 to Fls.98.20 and KLM shed Fls.1 to Fls.95.5.

Dutch Industrials were narrowly mixed.

Bonds eased up to Fls.0.30.

GERMANY—Mainly lower, with losses generally up to DM2, following last week's gain.

Banks however, rose against the general trend, with Commerzbank up DM2.30.

In Electricals, AEG lost DM1.20 and BCC DM2.

Motors fell between DM2.30 and DM4, while Chemicals declined up to DM1.60, Stores up to DM2.50 and Steels DM1.50. Among Engineerings, KHD dipped DM3 and Linde DM1.50.

The Bond Market was quiet and moved between DM0.30 down and DM0.20 up. The Regulating Authorities bought DM6m. nominal of stock. Foreign Marks Loans were barely steady.

SWITZERLAND—Mostly lower in active trading.

Banks declined, due to the problems of Credit Suisse which tumbled Frs.300 to 2,350. The bank published names of companies involved in one of its branches "substantial" losses.

Insurances and Chemicals were mixed, while Financials and Industrials were generally lower. Landis and Gyr Registered fell Frs.60 to 870 and Interfood "B" Frs.75 to 2,975. Globus, however, rose Frs.75 to 2,775.

Dollar stocks eased over a broad front. Dutch issues were generally very steady. Germans pointed lower.

OSLO—Industrials were slightly easier, while Bankings, Insurances and Shippings were quiet.

VIENNA—Quietly steady.

COPENHAGEN — Higher in moderate dealings.

MILAN—Closed yesterday — Liberation Day.

JOHANNESBURG—Gold shares eased in thin trading, despite higher London bullion indications.

Financial Minings also were easier, as were Coppers, while Platinums were occasionally higher. Other Minerals were also harder.

Collieries gained ground but Industrials gave slight ground.

TOKYO—Prices continued to ease in light trading. Volume 150m. shares.

Mitsui Engineering and Shipbuilding declined Y9 to 169 on expectations of lower profit.

Suzuki Motor, however, advanced 8 to 234 on good small car sales.

Some Car Parts and Pharmaceuticals, including Green Cross and Kayaba Industry, were higher.

HONG KONG—Lower across the board in decreased trading.

Hong Kong Bank were down 20 cents to $HK17.80, Hong Kong Land, 15 cents to 7.50, Hutchison 5 cents to 3.25, Wheelock "A" 2½ cents to 2.55, Jardine 20 cents to 17.00, Swire Pacific "A" 10 cents to 9.10, Hong Kong Electric 10 cents to 5.50, China Light 30 cents to 22.20, and Hong Kong and Kowloon Wharf 30 cents to 13.70.

AUSTRALIA—Closed yesterday for Anzac Day.

## Indices

### NEW YORK—DOW JONES

### N.Y.S.E. ALL COMMON

| Apr. 25 | Apr. 22 | Apr. 21 | Apr. 20 | 1977 High | 1977 Low |
|---|---|---|---|---|---|
| 55.00 | 55.68 | 54.34 | 54.70 | 57.87 (4/1) | 53.60 (25/4) |

| Rises and Falls | April 25 |
|---|---|
| Issues Traded—1,888 | Up—290 |
| Down—1215 | Same—385 |
| New Highs—22 | New Lows—161 |

### STANDARD AND POORS

### MONTREAL

### TORONTO

### JOHANNESBURG

# OVERSEAS SHARE INFORMATION

### NEW YORK

### CANADA

### GERMANY

### AMSTERDAM

### COPENHAGEN

### VIENNA

### TOKYO

### BRUSSELS/LUXEMBOURG

### SWITZERLAND

### MILAN

### AUSTRALIA

### PARIS

### STOCKHOLM

### OSLO

### BRAZIL

### JOHANNESBURG

### SPAIN

# Sterling firmer

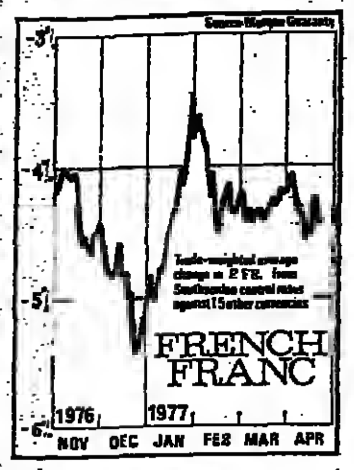
Sterling finished slightly firmer on balance against the U.S. dollar in the foreign exchange market yesterday, after the Bank of England had absorbed most of the light pressure in early trading. The authorities intervened to support the pound as the market continued to react to the further decline in U.K. interest rates and uncertainty over any continuation of wage restraint in the second half of this year. Sterling opened at around $1.7180, and touched a worst level of $1.7170-1.7175, but some natural demand in the afternoon pushed it up to close at the best level of the day at $1.7190-1.7195, a gain of 7 points from Friday.

The pound's trade-weighted index against 20 major currencies, on the basis of the Washington Currency Agreement of December 1971, as calculated by the Bank of England, was unchanged throughout at 61.7.

The dollar was also initially depressed, by a recent forecast of higher than expected inflation in the U.S., but finished above its worst levels. The currency's depreciation since the Washington Agreement, as calculated by Morgan Guaranty of New York, widened to 1.05 per cent. from 0.99 per cent.

Support was required from the Bank of Japan for the Japanese yen overnight in Tokyo, and the yen continued to decline in European markets yesterday, touching Y277.92½ in terms of the dollar at the close, compared with Y277.22½ before the week-end.

Gold fell quite sharply, losing $1½ to finish at $148-148½. The krugerrand's premium over its gold content narrowed to 2.95 per cent. from 3.08 per cent. for domestic delivery, but widened to 3.28 per cent. from 3.08 per cent. in the international market.




### SPECIAL DRAWING RIGHTS RATES

| One SDR is equal to | April 25 | April 22 |
|---|---|---|
| Sterling | 0.676448 | 0.674830 |
| U.S. dollar | 1.16069 | 1.16010 |
| Belgian franc | 42.0063 | 42.1290 |
| Deutschemark | 2.74747 | 2.75211 |
| French franc | 5.67441 | 5.75787 |
| Italian lira | — | 1029.01 |
| Japanese yen | 323.030 | 321.580 |
| Dutch guilder | 2.85820 | 2.86712 |
| Swedish krone | 5.04978 | 5.04469 |
| Swiss franc | 2.91995 | 2.92589 |

Values are for currencies against the SDR as calculated by the International Monetary Fund in Washington.

### EXCHANGE CROSS-RATES

| April 25 | Frankfurt | New York | Paris | Brussels | London | A'sterdam | Zurich |
|---|---|---|---|---|---|---|---|
| Fr'nkfurt | — | 2.3665-70 | 47.72-77 | 6.53-54 | 4.067-072 | 95.12-18 | 94.05-10 |
| N. York | 42.20-22 | — | 20.15-18 | 2.7625-40 | 1.1195-7195 | 40.60-62 | 39.66-68 |
| Paris | 209.25-45 | 4.9627-9651 | — | 13.695-7205 | 8.510-635 | 201.24-64 | 196.875-.29 |
| Brussels | 15.28-31 | 36.18-21 | 7.29-31 | — | 62.16-27 | 14.68-72 | 14.57-60 |
| London | 4.07-08 | 1.7190-95 | 8.524-534 | 62.15-25 | — | 4.23-24 | 4.33-34 |
| Am'rd'm | 104.0-05 | 2.4612-37 | 49.695-705 | 6.9025-75 | 4.2305-55 | — | 97.805-355 |
| Zurich | 106.26-31 | 2.5176-83 | 50.72-76 | 6.950-965 | 4.396-329 | 102.14-21 | — |

U.S. $ in Montreal U.S. $ =104.70-72 Canadian cents.
Canadian $ in New York. C$=95.48-50 U.S. cents. U.S. $ in Milan 886.80-887.00
Sterling in Milan 1524.25-1525.00.

### EURO-CURRENCY INTEREST RATES*

### GOLD MARKET

### FOREIGN EXCHANGES

### FORWARD RATES

### OTHER MARKETS

# FARMING AND RAW MATERIALS

## U.S. wheat price plan denied

WASHINGTON, April 25.

THE U.S. is not seeking agreement with other exporting countries to fix wheat prices, Mr. Dale Hathaway, U.S. Assistant Agriculture Secretary for International Affairs said.

Following a meeting in Ottawa last week, he said the four major exporters—U.S., Canada, Australia and Argentina—are agreed that there is value in looking at the use of national, farmer-held reserves as a means of stabilising wheat prices.

Mr. Hathaway said the U.S. is not in a position to fix a world wheat price as this would invite under-cutting by other exporters.

These ideas will be taken up at the International Wheat Council meeting in London in June, Mr. Hathaway said.

The main U.S. aim is to take out some of the "peaks and valleys" in wheat prices because wild fluctuations make it extremely difficult for U.S. poultry, dairy and feeder cattle producers to plan ahead.
Reuter

## Japan hits at sugar plan

TOKYO, April 25.

JAPAN IS opposed in principle to an international stockpile of raw sugar, the Ministry of Agriculture and Forestry said.

The stockpile is being discussed at the UN Sugar Conference in Geneva. Plans call for monetary contributions from consumer and producer nations to an international stockpiling fund but the Japanese Government and the Japanese sugar industry will not supply funds for that purpose, the Ministry said.

Fears were also expressed that creation of such a buffer stock may serve to hold down raw sugar prices permanently. Some producer countries are also expected to oppose the plan.
Reuter

## Australia cuts sunflower seed crop estimate

CANBERRA, April 25.

THE BUREAU of Agricultural Economics has estimated the 1976-77 Australian sunflowerseed output to be 59,900 tonnes from a December estimate of 85,100 tonnes and 80,400 tonnes in 1975-76.

The Bureau also cut its sunflower area estimate to 97,000 hectares from 157,600 (136,900).
Reuter

# Record soyabean prices 'should peak soon'

BY OUR COMMODITIES STAFF

BRUSSELS, April 25.

SOYABEAN supplies are likely to be relatively tight in the short term but rising U.S. output, as a result of higher yields, could mean that record prices should peak out fairly soon, Mr. Kenneth Bader, American Soyabean Association chief executive officer said here.

Weather prospects in the U.S. are much better and yields from this year's soyabean crop, to be harvested in the autumn, could reasonably be above 28 bushels an acre against an average 25.8 bushels last year, he said.

Mr. Jim Minyard, U.S. Department of Agriculture administrator of Market Development, repeated earlier assurances from Bob Bergland, Agriculture Secretary, that the U.S. Government is not considering putting an export embargo on soyabeans despite industry pressure to do so.

Mr. Minyard said the department learned from the 1973 embargo on soyabean exports and the present situation is different from four years ago. "Unless something happens that no one yet foresees there will be no embargo," he added.

Mr. Minyard and Mr. Bader are touring Europe with other Government and association officials to examine and explain soyabean supplies and prices.

European Feed Manufacturers Federation officials said European crushers expect consumption of protein for compounding to rise 5 per cent. this year against a rise of between 10 and 11 per cent. last year.

Mr. Bader said U.S. soyabean farmers have already sold around 40 per cent. of their new crop at around $7 a bushel against the market price of over $10.6 indicating they see a price fall in the medium term.

He said the problem is one of releasing supplies of beans in the pipeline and not a supply shortage.

Association officials said they were surprised European crushers did not build greater storage capacity to protect themselves against sharp price fluctuations and that greater use was not made of price hedging on the Chicago Board of Trade.

Mr. Bader told Reuter he had urged the EEC Commission to take measures to protect European crushers against price fluctuations at a meeting with Commission officials here to-day but was given no definite reply.

Meanwhile in Washington Reuter reported that Mr. Dale Hathaway, U.S. assistant Agriculture Secretary for International Affairs, said nothing could hurt the U.S. agriculture industry more than export embargoes.

"I feel very strongly that such action must be avoided," he said.

Referring to Bergland's assurance that there would be no embargo on U.S. soyabean exports, Mr. Hathaway said that sooner or later, "people are going to have to believe us."

Asked under what kind of national emergency an embargo may be considered, Mr. Hathaway said it would have to be very serious and "beyond anything that can currently be envisaged."

The most useful thing that could happen in the soyabean complex is the "very substantial expansion of acreage" being indicated by farmers' planting intentions this year, in response to higher prices.

● Soya prices which fluctuated in London and U.S. markets last week dropped again to-day. On the London Soyameal futures market spot meal price closed £5 down on Friday's figure at £209.5 a tonne while in Chicago there was limit down drop in bean and meal prices and large drop in oil futures in early trading.

# General downturn in metals

BY PETER BULLEN

THERE WAS a general move downwards in prices of base metals on the London Metal Exchange yesterday.

Copper set the tone with an early drop with pronounced selling by one concern which brought the market down sharply.

Later, buying interest at the lower levels failed to lift prices back to their pre-weekend level and cash wirebars ended £9.75 down at £805.75 a tonne.

A rise of 2,250 tonnes to 618,725 in LME warehouse stocks of copper was much as expected and did little to enliven a generally quiet market.

Tin followed copper's lead and drifted downwards during the day despite the overnight rise in the Malaysian price and the 145 tonne drop to 8,555 tonnes in LME tin stocks. By the close standard cash tin was £50 down at £5,645 a tonne.

It was the large rise of 2,600 tonnes to 90,100 that depressed the zinc market which closed with cash metal at £375.5, £4.5 down.

Lead drifted downwards as well but rose sharply during the afternoon on reports from New York that the joint bargaining council of unions at a number of Cominco lead-zinc plants had recommended a rejection of the company's latest contract offer. Even this news, and forecasts of possible strike action, failed to hold the market in London and values eased again before the close when cash lead ended £1.75 lower on balance at £381.25 a tonne.

LME silver stocks were unchanged at 27,570,000 troy ounces. In New York meanwhile the Silver Institute reported that world stocks of refined silver rose by 1.3m. ounces in March following the previous month's decline of 1.6m.

# LME options move

THE London Metal Exchange has set up a sub-committee on option trading to defend the right of LME members to sell options to U.S. citizens, LME board member and member of the sub-committee, Jacques Lion, told Reuter.

He said the committee was established last week following a meeting of all firms interested in option trading on the LME. The sub-committee should hold its first meeting within the next week, he added.

Mr. Lion said the committee will contest the regulations published on April 5 by the U.S. Commodity Futures Trading Commission which restricts the sale of commodity options to U.S. citizens.

Mr. Philip Smith, LME board chairman, will head the committee which is made up of two Board members (Mr. Smith and Mr. Lion), one representative of the LME committee and four representatives of LME members active in option trading, he added.

# Sharp fall in coffee values

By Richard Mooney

THE "BEARISH" trend in coffee was reasserted yesterday with the July position on the London terminal market closing £106.5 lower at 3,911 a tonne.

Futures prices had opened higher, following through from Friday's strong tone. But the market ran out of steam with nearby prices about £30 above Friday's close and a £100 net fall was quickly established.

About £70 of the fall was recovered in the afternoon following a firmer-than-expected opening in New York, but as the U.S. market fell away London prices declined again.

Dealers attributed the fall mainly to "bearish" sentiment based on discouraging chart patterns. They said the physical market was "dead."

Nervousness ahead of yesterday's resumption of the U.S. Congressional inquiry into the coffee market and reports that the Ivory Coast had re-opened export registrations provided further encouragement for the decline.

Cocoa prices also lost early gains yesterday before ending about £30 a tonne lower. Dealers said the decline, which took the July position to £2,143 a tonne, down £31, at the close, was based mainly on sentiment in a featureless market. They noted that some physical offtake had emerged at the lower levels, however.

# 'Paltry' fines anger U.K. fishermen

By Our Commodities Staff

BRITISH FISHERMEN are concerned over the unequal penalties imposed on foreign fishermen caught fishing illegally in U.K. waters.

The penalties should be "uniformly tough," the British Fishing Federation said.

The statement quoted a "paltry" £250 fine at Hull on a French skipper convicted of using small-mesh nets in the North Sea. "Only three days earlier 'two Spanish skippers caught fishing illegally off the Shetlands were each fined £10,000.'"

The "maximum possible" is now the accepted norm in countries which have extended their limits to 200 miles, the statement declared. "We would like it to be clear to foreign fishermen that if they are caught illegally fishing in British waters they can expect to feel the full rigour of British law—with no excuses."

U.K. AGRICULTURE

# Pig industry presents depressing picture

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

FARMERS LOBBYING MPs over the pig industry yesterday had a depressing case. According to the Meat and Livestock Commission, farmers have been losing money on pigs since last July, and these losses have become progressively worse.

In March, the Commission says, porkers were losing £4.62 a head, baconers £3.67 and heavy hogs £5.82. And this is after allowing for the special pig subsidy, which works out at between £2.50 and £5 a head.

The basic cause of the crisis has been that even including the special pig subsidy, prices for all grades of pigs and of fresh pork and bacon in March were about the same level as the same week last year, while feeding stuffs have risen by 38 per cent., and according to the National Farmers' Union, fixed costs have risen by 50 per cent.

The feed element of pig costings amounts to about 70 per cent. of total costs, and so it is probable that some producers must be making losses on actual feed conversion. The more efficient farmers have probably been just covering their direct costs of feed and labour.

Prices have not kept above costs for a variety of reasons. The NFU and the processors blame the effects of the monetary compensatory amounts, which act as a subsidy on exports to the U.K. from Denmark and some other countries.

The payments to Danish factories works out at around £240 a ton. Even with this advantage, the Danish industry says that its producers are worse off than the British because the cost of production in Denmark is already at the full EEC cereal price.

For this reason, the Danes are putting pressure on the Council of Ministers to try and get Mr. Silkin to remove the pig subsidy. Mr. Silkin says that he will consider this if the Community will agree to a re-calculation of the pig meat MCAs to a different formula similar to that used for eggs and poultry meat, which would effect a considerable reduction in the present level of subsidy.

However, the MCAs are only one facet and not the most serious in the present difficulty. The fundamental cause is that there are too many pigs and too much bacon to be absorbed at market prices.

According to the Commission bacon supplies for the week ending April 16 from all sources were up by 13 per cent., while prices for British bacon at £890 a ton were £20 a ton lower than at this time last year while those for Danish bacon at £915 were £45 a ton lower.

In general, the increase in bacon supplies this year, although not so marked as in previous months, has been due to British production. According to some industry sources, a bacon price of about £1,100 a ton is essential to make production profitable, a rise of 20 per cent.

The chances of achieving this are not good in the presence of consumer resistance. Bacon and ham consumption has fallen by about 15 per cent. since 1973, and although this fall is believed to have been checked recently, the present consumption levels have only been maintained by price discounting.

But there is no corresponding support for pig meat. Only some provision for aid to private storage, which is short-term and unlikely to maintain or even raise prices.

There are some signs that the U.K. pig herd is being reduced. The slaughter of sows and boars last month was up by 35 per cent. as against March last year. The numbers of in-pig gilts (young sows) was showing a fall in the December census, but not enough in my view to cut production sufficiently to raise prices significantly. For bacon, it is doubtful if the complete elimination of the pig meat MCA subsidies would do anything to lift prices in the present economic climate unless there was a substantial cut in supplies from all sources—something neither the British nor Danish producers can contemplate at present.

Pig farmers have always accepted a cyclical pattern in their industry with a space of four years between peaks. A phenomenon of Community membership is that the EEC cycle seems to be of two years' duration or even less.

Fresh pork consumption has also fallen by 15 per cent. since 1973. This is almost entirely from British supplies. Yet output is up by 20.6 per cent. compared with March last year. Here again, as with bacon, the determining factor of price is consumer demand.

Feed costs are rising; protein prices because of world conditions; cereals because of increases in EEC prices. These could add another 15 per cent. to cereal costs by next March.

The fluctuations are more violent because in pre-Community days feed costs would fall in line with pig prices. To-day they are pegged or moving inexorably upwards. The situation is much more serious than the NFU, the Government and the Danes are prepared to admit.

## Farmers protest

FINANCIAL TIMES REPORTER

More than 300 pig farmers lobbied MPs at the House of Commons yesterday to protest against Common Market subsidies on pigmeat imports. They were led by Mr. Richard Butler, deputy president of the National Farmers' Union, and by Mr. Jim Foster, pig committee chairman.

They were supported by meat traders and the Transport and General Workers' Union. About 8,000 members in the bacon and pigmeat processing factories are threatened.

Mr. Butler said the subsidies had brought a "serious and prolonged economic crisis" to U.K. pig producers, as a result of the gross distortion of trade.

Mr. Foster said that a survey showed that pig farmers' losses now ranged from £2 to £8.50 for a heavy pig.

"The Common Market subsidy of £256 a tonne on pigmeat imports to the U.K. means that the Danish pig and bacon industry has a competitive advantage over us of 7p for every pound of pigmeat sold in our market," said Mr. Foster.

Telegrams calling for immediate action to change the method by which the subsidies are calculated were sent to Mr. John Silkin, Agriculture Minister and to Sir Henry Plumb, NFU president, both of whom are in Luxembourg for talks on farm prices.

# COMMODITY MARKET REPORTS AND PRICES

## BASE METALS

COPPER—Lower on the London Metal Exchange after a quiet day's trading. Forward metal opened at £831.5, but was depressed to £828 by selling from one quarter. However, some influential buying caused a rally to £834. Comex opened lower and London drifted to a close on the Kerb of £827. Turnover 18,600 tonnes.

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £807, 09, 10, three months £831, 30, 31, 30.5, 30, 29, 28.5, 28, 28.5, 29, 30, 31, 32, 31.5, 32. Cathodes: Cash £802, three months £824, 25. Kerb: Three months £833, 34. Afternoon: Wirebars, three months £828, 27, 27.5, 28, 28.5, 28. Kerb: Three months £828, 27.5, 27. Cathodes: Three months £812.

TIN—Easier with the market tending to drift in the morning under the influence of copper. The East was steady over the week-end. Forward metal opened at £5,780 and fell to £5,700 before some covering and U.S. buying took it back upwards to £5,780, where it closed on the Kerb. Turnover 2,460 tonnes.

Morning: Standard, cash £5,646, three [illegible]

[illegible]

L.G. Index 01-351 3466. August Soya Beans 215.70-217.70

## COFFEE

With no significant week-end alterations to Brazilian export regulations, London, although basically steady, was well met by trade selling at the opening, reports Drexel Burnham. Selling continued through and further long liquidation in the absence of fresh incentive from the physical market triggered Commission [illegible]

[illegible]

Also for flours. Wheat or mixed wheat and rye flour—133.18 (same). Rye flour—110.86 (same).

HGCA—Ex-farm spot prices April 25. Other milling wheat: Cambridgeshire £91.00. Feed wheat: Cambridgeshire £89.00. Feed barley: Cambridgeshire £85.00. Central Scotland £82.15.

Also for week-ended April 21. Non-breadmaking milling wheat: S. East [illegible]

[illegible]

## SUGAR

LONDON DAILY PRICE (raw sugar) [illegible]

## RUBBER

[illegible]

## LEAD

[illegible]

## ZINC

[illegible]

## SILVER

[illegible]

## SOYABEAN MEAL

[illegible]

## GRAINS

[illegible]

## COCOA

[illegible]

## WOOL FUTURES

[illegible]

## MEAT/VEGETABLES

[illegible]

## JUTE

[illegible]

## COTTON

[illegible]

## PALM OIL

[illegible]

GRIMSBY FISH [illegible]

COVENT GARDEN (prices in sterling) [illegible]

## PRICE CHANGES

Prices per tonne unless otherwise stated.

[illegible]

## U.S. Markets

NEW YORK, April 25.

[illegible]

## FINANCIAL TIMES

[illegible]

## REUTER'S

[illegible]

## DOW JONES

[illegible]

## MOODY'S

[illegible]

COPRA, Philippines—April to June $538 a tonne cif North European ports.

## HONG KONG 'TO OPEN EXCHANGE'

HONG KONG, April 25.

The Hong Kong Commodity Exchange is expected to open on May 9, according to trading sources.

A spokesman for the consortium organising the Exchange declined to comment, but said a formal announcement might be made to-morrow.

The first market to open will be in raw cotton.
Reuter

# STOCK EXCHANGE REPORT

# Quiet start to Account on continuing uncertainties

## Index off 3.3 at 419.0—Short Gilts steady—Properties up

**Account Dealing Dates**

| Option *First Dealings | Declarations | Last Dealings | Account Day |
|---|---|---|---|
| Apr. 12 | Apr. 21 | Apr. 22 | May 3 |
| Apr. 25 | May 5 | May 6 | May 17 |
| May 9 | May 19 | May 20 | May 31 |

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

The recent firm tone in equities gave way to softer conditions yesterday at the start of a new Account. Prices were generally opened a shade harder following last Friday's continued lowering of interest rates, but potential buyers were inhibited following Press comment on the uncertainties attaching to the next stage of the pay policy, worries about which initially also adversely affected the pound in foreign exchange markets. There was some disappointment that yesterday's cuts in bank base lending rates were not bigger than ½ per cent., but hopes of a further small drop in Minimum Lending Rate this Friday helped to sustain short-dated Gilt-edged which moved narrowly and closed barely changed on balance. Longer dates were looking a little less certain, with losses at the end of the day ranging to ½ after having been that fraction better in the early trade; the Government Securities index eased only 0.14 to 68.61.

Leading equities also gave up initial small gains in the absence of follow-through support after the early firmness. No selling pressure developed, however, and prices of the leaders drifted to end with modest falls on balance. Up 1.2 at 10 a.m., the FT 30-share index was at its lowest of the day at 2 p.m. when it was showing a net loss of 3.6 and the close was 419.0 for a fall of 3.3. Outside of the leaders, the tone was more mixed with rises in FT-quoted equities outnumbering falls by about 5-to-4. Special situations, company trading items and week-end Press comment left scattered features with Hay's Wharf outstanding with a leap of 47 to 151p, which compares with the contested cash offer of 135p announced last Friday from Ocean Transport. North Sea Oils were easier following the Ekofisk well blow-out, but little real selling developed and the sector was not uniformly dull.

Official markings totalled 6,806 compared with 6,556 last Friday and 5,592 on the week-ago level. Properties provided one of the few firm sectors on the continuing trend to cheaper credit and the FT-Actuaries sub-section index put on 1.9 per cent. to 173.93; the three main indices of the series were down by about ½ of 1 per cent., the All-share being at 176.58, while the Oil share index shed 1.4 per cent. to 483.53.

### Gilts lack interest

An extension of Friday's upturn in British Funds lasted only briefly and the close was marginally easier. The possibility of another small fall this week in Minimum Lending Rate failed to draw any fresh buying enthusiasm and there was obviously some disappointment with the cut of ½ per cent., whereas 1 per cent. had been expected, in clearing bank base lending rates. Sporadic selling in the absence of any balancing trade thus transformed early gains extending to ½ among high-coupon longs to losses of that amount, while the mediums recorded similar movements. The call of £40 on the partly-paid Exchequer 12½ per cent., 1992, down ½ at 54½ in £55-paid form, no doubt contributed to the dearth of any worthwhile buying interest. Shorter maturities also opened firmly but tended to drift lower although the undertone at this end of the market was underpinned by its favourable yield structure in relation to current interest rate levels. Scattered improvements ranging to ½ were made by Corporations, but Southern Rhodesian bonds continued their drift lower, but only by a point, awaiting developments in the constitutional issue.

Further institutional demand for the purpose of investment in U.S. securities met with a continuing reluctance on the part of sellers of investment currency and the premium made fresh headway to close 1½ higher at 122½ per cent. Yesterday's SE conversion factor was 0.6800 (0.6839).

### Banks steady

Having already discounted the fresh round of base rate reductions by the clearing banks, prices traded quietly around previous weekend levels and, at the close, Barclays provided the only movement of note at 245p, down 5. Discounts edged higher in places and Smith St. Aubyn ended 2 better at 70p in front of tomorrow's preliminary results. Among Hire Purchases, Lloyds and Scottish improved 2 more to 91p on small speculative buying; the interim figures are due on May 12.

The surrounding dull trend coupled with nervousness about the serious implications of the Ekofisk oil blow-out, made for an easier tendency in Insurance Composites. Royals shed 8 to 360p and Guardian Royal Exchange receded 3 to 187p, while Sun Alliance, following the annual report, lost 8 at 407p. By way of contrast, London United Investments hardened 2 to 77p xd on Press comment.

Tollemache and Cobbold featured late in Breweries with a jump of 5 to 135p on revived speculative interest. Press comment directed attention to Boddingtons, which improved 4 to 100p, after 102p, but elsewhere there was little change following a light trade. Allied were typical, finishing without alteration at 67p. Invergordon, 3 better at 53p following Press comment, provided the only noteworthy movement in Distilleries.

Buildings closed mixed after a quiet trade. John Laing touched 90p before closing 4 down on the day at 91p following disappointment with the preliminary results. Taylor Woodrow receded 4 to 312p, while Richard Costain shaded 2 to 178p and AP Cement a like amount to 178p. George Wimpey cheapened a penny to 58p ahead of the preliminary figures, due on Thursday. F. J. C. Lilley, on the other hand, rose 3 to 53p on renewed interest, while further consideration of last Friday's annual results prompted a similar improvement in Wilson (Connolly), at 61p xd. Norwest Holst firmed 4 to 66p and William Whittingham jumped 5½ to 21p xd.

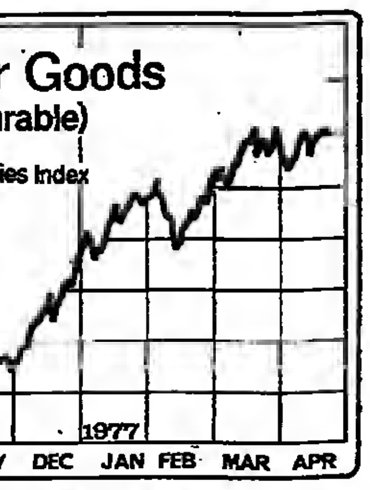
Lack of buying interest brought about a downward drift in ICI which touched 347p before closing 7 down on the day at 349p. Elsewhere in Chemicals, Fisons shed 4 to 336p but Laporte Industries hardened a penny to 112p; the latter's preliminary results are due on May 3.

Quietly firm Television concerns had Grampian "A" 2½ up at 24p xd and Westward a penny dearer at 20½p.

### Reyrolle good

Favourable week-end Press mention stimulated buying interest in Reyrolle Parsons, which surged higher to 181p xd, before closing 17 to the good at 178p xd. In contrast, other leading Electricals ended on a slightly dull note. GEC touched 176p initially, but reacted to finish 3 off on balance at 172p, while EMI, 206p, and Plessey, 67p, both eased a penny. Already a good market at 125p, Farnell improved further to 128p, up 13, on the good preliminary figures. Speculative interest was shown in United Scientific, 7 to the good at 407p, and Petbow, a similar amount higher at 148p. Decca "A" firmed 5 to 305p and A. B. Electronic 3 to 86p, while Telephone Rentals hardened 2 to 89p ahead of tomorrow's annual results.

The Store majors displayed no set trend after a minimal business. W. H. Smith A continued firmly at 482p xd, up 5½, and UDS edged forward 2 to 71p. Marks and Spencer, on the other hand, shaded to 117p; the annual figures are due on Thursday. Among secondary issues, Currys put on 4 to 112p xd and Foreminster 2 to 108p. Mail Order concerns improved on Press comment, Empire hardening 3 to 121p xd and Freemans a penny to 206p. Week-end mention also drew buyers' attention to Lee Cooper, which rose 4 to 82p. In Shoes, Style improved a shade to 29½p in anticipation of to-day's preliminary results.




Features in the Engineering sector yesterday were to be found among secondary issues. Press comment drew buyers' attention to United Wire which rose 5 to 64p, while WGI improved 4 to 76p for a similar reason. Up 16 late on Friday on the formal offer document from Davy International, Herbert Morris improved 6 more to 293p; D.I. hardened a penny to 193p. APV put on 13 to 263p and Staveley Industries 9 to 208p, while improvements of between 4 and 8 were recorded in W. G. Allen, 40p, and Spirax Sarco, 218p. Doctile Steels added 6 to 110p, and demand ahead of Thursday's half-year figures left McKechnie Bros 3 to the good at 87p. Simon hardened 2 to 164p on the annual results and Hopkinsons closed forward a penny to 79p in front of to-day's trading news. Among the leaders, Hawker followed last week's gain of 46 on the excellent results and proposed share subdivision, with a further advance of 5 to 586p but GKN were that much easier at 296p; the new nil-paid shares ended 4 down at 28p premium. Shipbuilding concerns were featured by Swan Hunter which improved steadily in active trading to close 8 higher on the day at 120p, after 122p, following favourable Press comment. Yarrow hardened 5 to 203p and Laird, with annual results due on Saturday, rose 3½ to 58½p.

Foods had little to command them. Avana, still reflecting bid hopes, moved up another 1½ to 30½p. Spillers, preliminary results due to-morrow, finished marginally better at 35½p, while Geo. Bassett, 85p, and Danish Bacon "A", 130p xd, put on 3 and 4 respectively. Nurdin and Peacock were also notably firm at 125p, up 5, in front of to-morrow's preliminary figures.

Hotels and Caterers closed widely better following Press comment. Rowton responded with a rise of 7 to 122p, CCH Investments hardened a penny to 37p and Centre Hotels (Cranston) 1½ to 47½p, the latter awaiting news of the bid approach. De Vere, results to-morrow, improved 5½ to 196p. Trust Houses Forte moved up similarly to 146p, while Addo International, 23p, and Myddleton, 113p, put on 2½ and 3 respectively.

### Hay's Wharf jump

The miscellaneous Industrial leaders closed on a quietly dull note, after showing initial small gains. Beecham ended 6 off at 430p, while Boots, 185p, and Glaxo, 473p xd, both finished a few pence lower. Elsewhere, Hay's Wharf featured with a jump of 47 to 151p following news of the bid worth 135p cash from Ocean Transport, 4 cheaper at 142p. Leadenhall Sterling were noteworthy for a rise of 7 to 72p, but the half-year loss prompted dullness in Change Wares, which gave up 4 to 22p xd. De La Rue advanced 6 more to 394p in a restricted market, while Whatman Reeve Angel rose 15 to 260p ahead of the preliminary statement, due on Friday. Wm. Baird, 128p, improved 2 following the results. Henry Boot met revived buying interest at 118p xd, up 5p, while AVP were similarly higher at 64p. Thermal Syndicate, 114p, and Dunbee Combex, 228p, both advanced 8, but I.C. Gas, 15 lower at 370p, were unsettled by the Ekofisk oil rig disaster.

Motors and Distributors took the prospect of a fresh round of price increases for petrol and closed little changed after an idle trade. Group Lotus were 3 better at 28p following Press comment, while Crane Fruehauf, 36p, and Dutton-Forshaw, 32p, put on 2 and 4, respectively.

A Press report that British Printing Corporation has sold its near 12 per cent. stake in Marshall Cavendish to various institutions attracted buyers to the latter, which touched 48p before closing 4 up on the day at 47p. Elsewhere in Newspapers and Publishers, Beaverbrook "A" closed a shade easier at 39½p and Associated unaltered at 185p, awaiting further news on the Evening News/Evening Standard merger situation.

### Oils react

Although sentiment in Oils was undermined by the Ekofisk oil rig disaster, there was very little selling. British Petroleum drifted lower on lack of support to close 14 cheaper at 910p, while Shell eased 6 to 508p and Ultramar 4 to 176p.

The reduction in clearing banks' base lending rates following hard on the heels of last Friday's cut in Minimum Lending Rate helped stimulate interest in the Property sector. Leaders to attract buyers' attention included English, 1½ dearer at 43p, and Land Securities, 3 higher at 178p. MEPC improved 8½p in response to weekend Press mention before closing only a penny dearer at 83p. Speculative demand left Estates and Agency up 11 more at 57p, while City Offices gained 3½ to 43p for a similar reason.

Gill and Duffus, 7 higher at 229p, were exceptionally firm in Overseas Traders in front of the preliminary figures due on Friday. Lonrho, however, closed a penny easier at 70p ex the rights issue; the new nil-paid shares opened at 23p premium before drifting back on small public selling to close at 20p premium, after 19p premium.

Camellia Investments provided the star turn in otherwise undistinguished Investment Trusts with a rise of 12 to 224p for a two-day gain of 22. English and Caledonian, after last week's good advance on news that the company had received a bid approach from an undisclosed source, were active and 3 better at 89p; it was disclosed under the Companies Act yesterday that Royal Insurance has a 5.3 per cent. stake in English and Caledonian. Among firm Financials, Lamont Holdings moved up 1½ to 13p and London Merchant Securities improved 2 to 47p.

Following last Friday's late jump of 16 on continued bid speculation, Commo Bros. opened easier at 293p and drifted lower on small selling and lack of further news to close 16 cheaper on the day at 282p. Other Shippings were quieter and little changed. P & O Deferred ended a penny easier at 130p. Walter Runciman, however, contrasted with a rise of 4 to 129p, while Mersey Dock Units were a penny better at 7p ex the capital repayment and Lyle moved up 3 more to 168p; it was announced yesterday that Hogarth Shipping has acquired a near 30 per cent. holding in Lyle as a long-term investment.

Textiles were generally better where changed. Sekers International continued firmly, picking up another 1½ at 14½p, while Allied, 107p, and Dowson International, 31p, put on 2 apiece. Courtaulds, however, finished 3 cheaper at 122p.

South African Industrials had a firmer inclination. O.K. Bazaars were raised 10 to 325p, while gains of around 5 were seen in Gold Fields Properties, 49p, and Tiger Oats, 415p.

Teas closed with some good gains, sentiment being helped by prices paid at the London auction. Assam Investments improved 8 to 99p, while similar improvements were seen in Longbourne, 205p, and Warren, 177p. Blantyre, still reflecting recent trading news, advanced 10 to 315p. Sconah featured late in Rubbers with a jump of 30 to 250p on the substantially improved profits.

### RTZ see-saw

Activity in Rio Tinto-Zinc featured Mining markets following news that the company had been granted exemption from dividend control; opening around 235p RTZ traded quietly until details of the Treasury consent prompted a flurry of buying interest which lifted the price to a new high of 245p before profit-taking caused it to revert to Friday's level of 238p.

Otherwise the decline in the bullion price, finally $1.75 lower at $148.375 per ounce, caused a mark-down of South African Golds. Falls in the heavyweights, however, rarely exceeded ½ as in Vaal Reefs and West Driefontein at £10 and £15½ respectively. Medium-priced stocks, however, lost up to 15 as in President Steyn at 540p. The Gold Mines index gave up 1.0 at 112.9.

Financials were generally a shade firmer although business was subdued. Anglo-Vaal proved 40 to a year's high of [illegible] following Cape interest, while General Mining and "Johnnies" were a half-point and ½ higher respectively at the common price of £13. Among London-registered issues, Charter Consolidated proved 3 to 128p.

Platinums showed a better tendency with both Lydenburg and Rustenburg Platinum a penny harder at 86p and 86p, respectively, despite adverse Press comment.

Pancontinental were outstanding in an otherwise idle Australian section—overnight Sydney and Melbourne markets were closed for ANZAC Day—and rose [illegible] to £11½, following local interest [illegible]

## FINANCIAL TIMES STOCK INDICES

| | Apr. 25 | Apr. 22 | Apr. 21 | Apr. 20 | Apr. 19 | Apr. 18 |
|---|---|---|---|---|---|---|
| Government Secs | 68.61 | 68.75 | 68.58 | 68.20 | 67.97 | 68.06 |
| Fixed Interest | 69.08 | 69.49 | 69.81 | 69.15 | 69.02 | 69.01 |
| Industrial Ordinary | 419.0 | 422.3 | 418.7 | 412.5 | 408.1 | 409.1 |
| Gold Mines | 112.9 | 113.9 | 109.6 | 113.9 | 118.1 | 121.1 |
| Ord. Div. Yield | 5.46 | 5.39 | 5.42 | 5.54 | 5.58 | 5.57 |
| Earnings Y'ld%(full) | 16.40 | 16.32 | 16.36 | 16.71 | 17.03 | 17.08 |
| P/E Ratio (net) (*) | 8.97 | 9.06 | 8.98 | 8.80 | 8.59 | 8.61 |
| Dealings marked | 6,806 | 6,556 | 5,289 | 4,752 | 5,053 | 5,503 |
| Equity turnover £m. | — | 79.98 | 65.33 | 52.61 | 43.39 | 48.80 |
| Equity bargains total | — | 17,869 | 15,172 | 12,954 | 13,463 | 15,207 |

10 a.m. 423.5. 11 a.m. 422.2. Noon 420.5. 1 p.m. 419.1. 2 p.m. 418.7. 3 p.m. 419.3.
Latest Index 01-246 8026.
* Based on 52 per cent. corporation tax. † Nil=5.90.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

### HIGHS AND LOWS

| | 1977 High | 1977 Low | Since Compilation High | Since Compilation Low |
|---|---|---|---|---|
| Govt. Secs. | 70.90 (21/4) | 60.45 (4/1) | 127.4 (9/1/35) | 49.18 (3/1/75) |
| Fixed Int. | 70.75 (4/4) | 60.49 (4/1) | 150.4 (28/11/47) | 50.53 (3/1/75) |
| Ind. Ord. | 435.8 (11/3) | 357.6 (12/1) | 549.2 (14/9/72) | 49.4 (26/6/40) |
| Gold Mines | 157.4 [illegible] | 95.1 [illegible] | 442.3 (22/5/75) | 43.5 (26/10/71) |

### S.E. ACTIVITY

| | Apr. 25 | Apr. 22 |
|---|---|---|
| Daily | | |
| Gilt-Edged | 121.7 | 173.[illegible] |
| Industrials | 232.8 | [illegible] |
| Speculative | 44.1 | [illegible] |
| Totals | 148.1 | [illegible] |
| 5-day Av'r'ge | | |
| Gilt-Edged | 153.8 | [illegible] |
| Industrials | 200.1 | [illegible] |
| Speculative | 36.1 | [illegible] |
| Totals | 127.0 | [illegible] |

## ENTERTAINMENT GUIDE

### OPERA & BALLET

[illegible]

### THEATRES

[illegible]

### CINEMAS

[illegible]

CINEMAS ARE CONTINUED ON FACING PAGE

## RECENT ISSUES

### EQUITIES

[illegible]

### FIXED INTEREST STOCKS

[illegible]

### "RIGHTS" OFFERS

[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. d Dividend rate paid or payable on part capital; cover based on dividend on full capital. g Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1977. q Gross. † Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividends. ** Issued by tender. ♣ Offered to holders of Ordinary shares as a "rights." ♥ 290 S.Afr. cents. ‡ Rights by way of capitalisation. †† Minimum tender price. ♦ Reintroduced. ¶ Issued in connection with reorganisation, merger or take-over. ♠ Introduction. ♦ Issued to former Preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. ◆ After suspension.

## ACTIVE STOCKS

| Stock | Denomination | No. of marks | Closing price (p) | Change on day | 1977 high | 1977 low |
|---|---|---|---|---|---|---|
| ICI | £1 | 17 | 349 | −7 | 360 | 325 |
| BP | £1 | 15 | 910 | −14 | 950 | 776 |
| Shell Transport | 25p | 13 | 508 | −6 | 524 | 454 |
| GKN "New" | Nil pd. | 12 | 28pm | −4 | 34pm | 27pm |
| BATs Defd. | 25p | 11 | 223 | — | 245 | 204 |
| Marks & Spencer | 25p | 10 | 117 | −2 | 119 | 96 |
| Barclays Bank | £1 | 9 | 245 | −5 | 285 | 215 |
| Beecham | 25p | 9 | 430 | −6 | 452 | 372 |
| Courtaulds | 25p | 9 | 122 | −3 | 126 | 90 |
| Swan Hunter | £1 | 9 | 120 | +8 | 122 | 40 |
| GEC | 25p | 8 | 172 | −3 | 204 | 168 |
| Grand Met. | 50p | 8 | 77 | — | 78½ | 62 |
| Hay's Wharf | £1 | 8 | 151 | +47 | 151 | 55 |
| Plessey | 50p | 8 | 67 | −1 | 72 | 62 |
| Reyrolle Parsons | £1 | 8 | 178xd | +17 | 178 | 123 |

*The above list of active stocks is based on the number of bargains recorded yesterday in the Official list and under Rule 163(1) (e)*

## OPTIONS TRADED

Calls were dealt in Burton "A", Adda International, Tesco, Savoy "A", J. Bibby, Charringtons, Marshall Cavendish, Laird, Grand Metropolitan, Swan Hunter, Kode International, UDT, Peachey Property, Burmah Oil, Premier Consolidated Oil and Hardy and Co. "A". Puts were done in Burmah Oil, Courtaulds, Shell Transport, Bowater and ICI, while doubles were arranged in Peachey Property and Capital and Counties Property. A short-dated call was done in ICI, while doubles were arranged in Glaxo, Burmah Oil and ICI.

DEALING DATES

| First Dealings | Last Dealings | Last Declaration | For Settlement |
|---|---|---|---|
| Apr. 20 | May 2 | July 21 | Aug. 2 |
| May 3 | May 16 | Aug. 4 | Aug. 16 |
| May 17 | May 30 | Aug. 18 | Aug. 31 |

*For rate indications see end of Share Information Service.*

## FT—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

| | EQUITY GROUPS — GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section) | Mon. April 25, 1977 Index No. | Day's Change % | Est. Earnings Yield % (Max.) Corp. Tax 52% | Gross Div. Yield % (ACT at 35%) | Est. P/E Ratio (Net) Corp. Tax 52% | Fri. April 22 Index No. | Thur. April 21 Index No. | Wed. April 20 Index No. | Tues April 19 Index No. | Year ago (approx.) Index No. |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | CAPITAL GOODS (177) | 164.60 | −0.4 | 18.28 | 6.36 | 8.06 | 165.22 | 163.61 | 161.27 | 159.81 | 154.[illegible] |
| 2 | Building Materials (29) | 139.30 | −0.2 | 19.23 | 7.38 | 7.72 | 139.51 | 139.22 | 137.23 | 136.30 | 141.[illegible] |
| 3 | Contracting, Construction (24) | 239.74 | −1.1 | 18.71 | 4.64 | 8.11 | 242.35 | 240.15 | 234.46 | 233.62 | 224.[illegible] |
| 4 | Electricals (16) | 317.86 | −1.0 | 17.43 | 5.10 | 8.50 | 321.21 | 315.08 | 308.27 | 303.49 | 269.[illegible] |
| 5 | Engineering (Heavy) (11) | 225.48 | +1.7 | 23.71 | 5.86 | 5.76 | 221.66 | 219.98 | 217.62 | 214.36 | 182.[illegible] |
| 6 | Engineering (General) (67) | 147.49 | −0.4 | 17.53 | 7.01 | 8.40 | 148.14 | 146.90 | 145.43 | 144.46 | 144.[illegible] |
| 7 | Machine and Other Tools (9) | 76.29 | +0.3 | 26.07 | 7.92 | 5.85 | 76.07 | 75.40 | 75.33 | 74.22 | 57.[illegible] |
| 8 | Miscellaneous (21) | 141.81 | +1.0 | 17.64 | 6.73 | 8.18 | 140.38 | 139.19 | 138.45 | 137.31 | 137.[illegible] |
| 11 | CONSUMER GOODS (DURABLE) (52) | 148.06 | +0.4 | 19.07 | 5.49 | 7.84 | 147.49 | 146.49 | 144.76 | 143.56 | 135.4 |
| 12 | Lt. Electronics, Radio TV (15) | 168.76 | +0.8 | 17.22 | 4.34 | 8.74 | 167.47 | 166.41 | 164.11 | 162.57 | 151.1 |
| 13 | Household Goods (12) | 148.07 | −0.3 | 20.95 | 6.21 | 6.92 | 148.49 | 148.60 | 147.67 | 145.80 | 180.[illegible] |
| 14 | Motors and Distributors (25) | 95.60 | — | 21.37 | 6.52 | 7.00 | 95.61 | 94.73 | 93.74 | 93.06 | 81.7 |
| 21 | CONSUMER GOODS (NON-DURABLE) (171) | 160.23 | −0.3 | 15.14 | 6.33 | 9.74 | 160.67 | 160.00 | 158.14 | 156.34 | 150.[illegible] |
| 22 | Breweries (15) | 165.36 | −0.4 | 15.27 | 7.27 | 9.85 | 166.02 | 165.84 | 165.60 | 164.45 | 154.[illegible] |
| 23 | Wines and Spirits (6) | 181.33 | — | 14.03 | 6.25 | 10.94 | 181.42 | 180.21 | 176.46 | 172.88 | 178.[illegible] |
| 24 | Entertainment, Catering (15) | 200.23 | +0.7 | 15.58 | 7.35 | 9.73 | 198.93 | 197.96 | 194.26 | 192.83 | 182.[illegible] |
| 25 | Food Manufacturing (21) | 169.20 | −0.2 | 17.91 | 5.76 | 8.29 | 169.55 | 169.87 | 168.28 | 166.31 | 171.[illegible] |
| 26 | Food Retailing (17) | 171.40 | −0.2 | 12.60 | 4.86 | 11.50 | 171.82 | 171.43 | 169.79 | 166.72 | 135.[illegible] |
| 32 | Newspapers, Publishing (18) | 260.13 | +0.4 | 10.25 | 4.28 | 14.78 | 259.02 | 253.74 | 249.77 | 248.20 | 171.[illegible] |
| 33 | Packaging and Paper (14) | 111.10 | +0.2 | 16.95 | 7.26 | 9.07 | 110.85 | 110.97 | 110.11 | 108.75 | 157.[illegible] |
| 34 | Stores (35) | 138.09 | −0.7 | 11.53 | 5.22 | 13.38 | 139.10 | 138.00 | 136.17 | 133.75 | 123.[illegible] |
| 35 | Textiles (24) | 157.60 | −0.4 | 14.09 | 7.68 | 11.06 | 158.26 | 157.16 | 153.87 | 153.51 | 165.[illegible] |
| 36 | Tobaccos (3) | 210.47 | −0.3 | 21.63 | 6.53 | 6.14 | 211.05 | 210.47 | 209.47 | 206.81 | 224.[illegible] |
| 37 | Toys and Games (5) | 86.37 | +2.1 | 19.57 | 7.45 | 6.78 | 84.63 | 84.29 | 83.63 | 82.62 | 72.[illegible] |
| 41 | OTHER GROUPS (96) | | | | | | | | | | |
| 42 | Chemicals (20) | 223.12 | −1.4 | 16.54 | 5.31 | 8.62 | 226.19 | 225.08 | 221.60 | 219.88 | 222.[illegible] |
| 44 | Office Equipment (7) | 90.94 | −0.3 | 17.45 | 6.15 | 7.93 | 91.21 | 91.43 | 90.49 | 90.40 | 96.[illegible] |
| 45 | Shipping (10) | 453.90 | −0.9 | 13.78 | 5.92 | 10.65 | 458.12 | 457.04 | 453.59 | 449.71 | 375 |
| 46 | Miscellaneous (53) | 168.24 | +0.5 | 16.68 | 7.35 | 8.87 | 167.45 | 166.05 | 164.78 | 162.86 | 168.[illegible] |
| 49 | INDUSTRIAL GROUP (496) | 166.96 | −0.4 | 16.48 | 6.20 | 8.90 | 167.57 | 166.57 | 164.50 | 162.79 | 158 |
| 51 | Oils (4) | 483.53 | −1.4 | 11.46 | 3.73 | 10.13 | 490.20 | 478.48 | 455.33 | 454.45 | 370 |
| 59 | 500 SHARE INDEX | 192.32 | −0.6 | 15.55 | 5.74 | 9.11 | 193.40 | 191.59 | 187.94 | 186.27 | 176 |
| 61 | FINANCIAL GROUP (100) | 128.04 | −0.4 | — | 6.34 | — | 128.55 | 128.17 | 127.51 | 127.72 | 135 |
| 62 | Banks (6) | 148.24 | −0.5 | 27.95 | 6.49 | 5.46 | 149.01 | 149.26 | 148.75 | 148.44 | 162 |
| 63 | Discount Houses (10) | 166.28 | +0.3 | — | 6.85 | — | 165.85 | 165.92 | 164.81 | 163.59 | 155 |
| 64 | Hire Purchase (5) | 127.30 | +1.0 | 7.32 | 5.49 | 27.65 | 126.07 | 124.88 | 124.03 | 123.16 | 111 |
| 65 | Insurance (Life) (10) | 102.15 | −1.2 | — | 7.92 | — | 103.40 | 102.71 | 101.52 | 102.01 | 116 |
| 66 | Insurance (Composite) (7) | 99.16 | −1.7 | — | 7.61 | — | 100.87 | 101.01 | 100.73 | 101.76 | 108 |
| 67 | Insurance Brokers (10) | 273.52 | — | 13.38 | 4.86 | 11.19 | 273.54 | 272.96 | 272.81 | 271.69 | 250 |
| 68 | Merchant Banks (15) | 64.60 | +0.5 | — | 6.73 | — | 64.30 | 64.19 | 63.91 | 63.70 | 81 |
| 69 | Property (31) | 173.93 | +1.9 | 4.44 | 3.21 | 35.84 | 170.66 | 168.21 | 166.36 | 165.96 | 159 |
| 70 | Miscellaneous (6) | 84.56 | −0.9 | 16.95 | 10.19 | 9.17 | 85.30 | 83.35 | 83.50 | 84.33 | 80 |
| 71 | Investment Trusts (50) | 168.27 | — | 3.25 | 4.78 | 30.79 | 168.20 | 157.83 | 166.00 | 165.66 | 163 |
| 81 | Mining Finance (4) | 101.86 | +0.1 | 15.01 | 5.16 | 7.98 | 101.77 | 101.56 | 100.91 | 100.54 | 111 |
| 91 | Overseas Traders (16) | 268.34 | +0.2 | 16.74 | 6.26 | 6.36 | 267.76 | 266.83 | 262.85 | 261.82 | 244 |
| 99 | ALL-SHARE INDEX (672) | 176.58 | −0.5 | — | 5.78 | — | 177.41 | 176.04 | 173.19 | 172.03 | 165 |

| | FIXED INTEREST | Monday, April 25 Index No. | Yield % | Friday April 22 | Thurs. April 21 | Wed. April 20 | Tues April 19 | Monday April 18 | Friday April 15 | Thurs. April 14 | Year ago (approx.) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Consols 2½% yield | — | 12.07 | 12.86 | 12.65 | 12.75 | 12.80 | 12.79 | 12.55 | 12.47 | 14.[illegible] |
| 2 | 20-yr. Govt. Stocks (6) | 53.57 | †13.10 | 55.85 | 53.74 | 53.95 | 53.27 | 53.52 | 54.54 | 54.71 | 48.[illegible] |
| 3 | 20-yr. Red. Deb. & Loans (15) | 54.89 | †13.51 | 54.01 | 54.94 | 55.05 | 55.05 | 55.24 | 55.36 | 55.47 | 40.[illegible] |
| 4 | Investment Trust Prefs. (15) | 50.38 | 13.94 | 50.52 | 50.50 | 50.44 | 50.43 | 50.17 | 50.15 | 50.15 | 47.2 |
| 5 | Coml. and Indl. Prefs. (20) | 60.68 | 13.29 | 69.82 | 69.83 | 69.79 | 69.66 | 69.48 | 69.51 | 60.33 | 64.[illegible] |

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A new list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4, price 13p, by post 22p.

## NEW HIGHS AND LOWS FOR 1977

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1977.

NEW HIGHS (143)

BRITISH FUNDS (1) · CORPORATION LOANS (5) · COMMONWEALTH & AFRICAN LOANS (1) · LOANS (MISCELLANEOUS) (1) · AMERICANS (1) · CANADIANS (1) · BANKS (4) · BEERS (2) · BUILDINGS (5) · CHEMICALS (3) · CINEMAS (1) · DRAPERY AND STORES (3) · ELECTRICALS (3) · ENGINEERING (20) · FOODS (3) · HOTELS (1) · INDUSTRIALS (29) · MOTORS (4) · NEWSPAPERS (2) · PAPER AND PRINTING (1) · PROPERTY (8) · SHIPBUILDERS (1) · SHIPPING (1) · TEXTILES (3) · TOBACCOS (1) · TRUSTS (15) · OILS (1) · OVERSEAS TRADERS (3) · RUBBERS (1) · TEAS (2) · INSURANCE (1) · MINES (1)

NEW LOWS (12)

[illegible]

## RISES AND FALLS YESTERDAY

| | Up | Down | Same |
|---|---|---|---|
| British Funds | [illegible] | [illegible] | [illegible] |
| Corpns. Dom. and Foreign Bonds | [illegible] | [illegible] | [illegible] |
| Industrials | [illegible] | [illegible] | [illegible] |
| Financial and Prop. | [illegible] | [illegible] | [illegible] |
| Oils | [illegible] | [illegible] | [illegible] |
| Plantation | [illegible] | [illegible] | [illegible] |
| Mines | [illegible] | [illegible] | [illegible] |
| Recent Issues | [illegible] | [illegible] | [illegible] |
| Totals | [illegible] | [illegible] | [illegible] |

# AUTHORISED UNIT TRUSTS

**The British Life Office Ltd.♥ (a)**
Reliance Hse., Tunbridge Wells, Kt. 0892 22271

| | | | | |
|---|---|---|---|---|
| BL British Life | 42.7 | 45.2 | ..... | 3.89 |
| BL Balanced* | 36.9 | 39.5 | ..... | 5.79 |
| BL Dividend* | 35.1 | 37.5 | ..... | 8.72 |

*Prices April 20. Next dealing April 27.

**Guardian Royal Ex. Unit Mgrs. Ltd.**
Royal Exchange, EC3P 3DN. 01-628 8011
(ag) Guardhill Tst. 72.0 74.6 ..... 4.99

## BASE LENDING RATES

| | | | |
|---|---|---|---|
| A.B.N. Bank | 9½% | ■ Hambros Bank | 9½% |
| Allied Irish Banks Ltd. | 9½% | ■ Hill Samuel ......§ | 9 % |
| American Express Bank | 9½% | C. Hoare & Co. ......† | 9½% |
| A P Bank Ltd. | 9½% | Julian S. Hodge | 10½% |
| Henry Ansbacher | 10 % | Hongkong & Shanghai | 9 % |
| Banco de Bilbao | 9½% | Industrial Bk. of Scot. | 9½% |
| Bank of Credit & Cmce. | 9½% | Keyser Ullmann | 10 % |
| Bank of Cyprus | 9½% | Knowsley & Co. Ltd. | 11 % |
| Bank of N.S.W. | 9½% | Lloyds Bank | 9 % |
| Banque du Rhone S.A. | 10 % | London & European | 11 % |
| Barclays Bank | 9 % | London Mercantile | 9½% |
| Barnett Christie Ltd. | 10½% | Midland Bank | 9 % |
| Bremar Holdings Ltd. | 11 % | ■ Samuel Montagu | 9 % |
| Brit. Bank of Mid. East | 9 % | ■ Morgan Grenfell | 9½% |
| ■ Brown Shipley | 9½% | National Westminster | 9 % |
| Canada Permanent AFI | 9½% | Norwich General Trust | 10 % |
| Capitol C & C Fin. Ltd. | 10½% | P. S. Refson & Co. | 9 % |
| Cayzer, Bowater Co. Ltd. | 10 % | Rossminster Accept'ces | 9½% |
| Cedar Holdings | 12 % | Royal Bk. Canada Trust | 9½% |
| ■ Charterhouse Japhet | 9½% | Schlesinger Limited | 10½% |
| C. E. Coates | 10½% | E. S. Schwab | 11 % |
| Consolidated Credits | 9½% | Security Trust Co. Ltd. | 11 % |
| Co-operative Bank ......* | 9 % | Shenley Trust | 14 % |
| Corinthian Securities | 9 % | Standard Chartered | 9 % |
| Credit Lyonnais | 9½% | Trade Development Bk. | 9½% |
| G. R. Dawes | 11 % | Twentieth Century Bk. | 11 % |
| Duncan Lawrie | 9½% | United Bank of Kuwait | 9 % |
| Eagil Trust | 9 % | Whiteaway Laidlaw | 10 % |
| English Transcont. | 9½% | Williams & Glyn's | 9 % |
| First London Secs. | 9½% | Yorkshire Bank | 9 % |
| First Nat. Fin. Corpn. | 12½% | | |
| First Nat. Secs. Ltd. | 12½% | | |
| ■ Antony Gibbs | 9 % | | |
| Goode Durrant Trust | 9 % | | |
| Greyhound Guaranty | 9 % | | |
| Grindlays Bank ......‡ | 9 % | | |
| ■ Guinness Mahon | 9½% | | |

■ Members of the Accepting Houses Committee.
* 7-day deposits 4½%. 1-month deposits 4½%.
† 7-day deposits on sums of £10,000 and under 5%, up to £25,000 6% and over £25,000 6½%.
‡ Call deposits over £1,000 4½%.
§ Demand deposits 8%.

## CINEMAS—(Cont.)

CASINO, Old Compton Street. 437 6877. BATTLE OF MIDWAY (A) IN SENSURROUND. Progs. Weekdays and Sun. at 2.15, 4.45, 7.50. All seats £2.

CURZON, Curzon Street, W.1. 409 3737. Lina Wertmuller's SEVEN BEAUTIES (X). (English subtitles) Daily at 2.0 (not Sun.) 4.05, 6.18, 8.30.

PRINCE CHARLES. Leic. Sq. 437 8181. Final Weeks! Richard Dreyfuss. INSERTS (X). Sep. Perfs. Dly. (inc. Sun.) 2.45, 6.15, 9.00. Late Show Fri. & Sat. 11.45. Seats bookable. Lic'd. Bar.

SCENE 4. Leic. Sq., Wardour St. 439 4470. Cont. perfs. daily 1.05. 7th Original EMMANUELLE (X). Progs. 1.05, 3.40, 6.15, 8.50. Late show Fri. & Sat. 11.28.

STUDIO 1. Oxford Circus. 437 3300. Special Lunchtime-Afternoon Shows (Excl. Sun.) Child Price (Under 16) £1.

## ART GALLERIES

## PERSONAL

IS YOUR HOUSE TOO LARGE?

# OFFSHORE AND OVERSEAS FUNDS

# INSURANCE, PROPERTY, BONDS

**Windsor Life Assur. Co. Ltd.**
1 High Street, Windsor. Windsor 68144

| | | | | |
|---|---|---|---|---|
| Life Inv. Plans | 61.3 | 64.5 | ..... | — |
| FutureAssd Gth (a) | | 10.0 | ..... | — |
| FutureAssd Gth(b) | | 43.0 | ..... | — |
| Ret. Assd. Pens. | | £21.46 | ..... | — |
| Flex. Inv. Growth | 102.4 | 107.8 | ..... | — |

**Scottish Widows' Group**
PO Box 902, Edinburgh, EH10 5BU. 031-655 6000

| | | | | |
|---|---|---|---|---|
| Inv. Ply. Series 1 | 87.7 | 87.7 | ..... | — |
| Inv. Ply. Series 2 | 83.1 | 87.5 | ..... | — |
| Ex. Ut. Tr. Apr. 6 | 115.1 | 120.0 | ..... | — |
| Mgd Pens. Apr. 13 | 207.5 | 213.2 | ..... | — |

## NOTES

Prices do not include $ premium, except where indicated ♦, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ♦. § Guernsey gross. ‡ Suspended. ♦ Yield before Jersey tax.

## INSURANCE BASE RATES

| | |
|---|---|
| † Property Growth | 10½% |
| Cannon Assurance | 7 % |

† Address shown under Insurance and Property Bond table.

**CORAL INDEX: Close 415-420**

# FT SHARE INFORMATION SERVICE

## **BRITISH FUNDS

| 1977 High | Low | Stock | £ | + or − | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| | | **"Shorts" (Lives up to Five Years)** | | | | |
| 101⅞ | 98⅞ | Treasury 11½pc '77‡‡ | 101⅞ | ...... | 11.33 | 7.77 |
| 97⅞ | 93⅝ | Treasury 3pc '77‡‡ | 97½xd | ...... | 3.07 | 7.67 |
| 99⅞ | 94¾ | Transport 4pc '72-77 | 97⅝ | ...... | 4.09 | 7.77 |
| 100⅞ | 95⅝ | Treasury 8pc 1978‡‡ | 100⅞ | +⅛ | 8.96 | 8.44 |
| 102⅝ | 97⅜ | Treasury 10½pc '78‡‡ | 102⅛ | ...... | 10.28 | 8.61 |
| 97¼ | 90⅞ | Exch 5pc '76-78 | 96⅞ | ...... | 5.16 | 7.33 |
| 103⅞ | 95⅞ | Treasury 11½pc '79‡‡ | 103⅞ | ...... | 11.09 | 9.28 |
| 93½ | 84⅞ | Treasury 3pc '79‡‡ | 91¾ | +⅛ | 3.27 | 6.78 |
| 95 | 85⅛ | Electric 4¼pc '74-79 | 94 | ...... | 4.52 | 6.97 |
| 102½ | 77½ | Treasury 10½pc '79‡‡ | 102½xd | ...... | 10.24 | 9.34 |
| 92¼ | 84⅞ | Electric 3½pc '76-79 | 91⅞xd | ...... | 3.81 | 7.02 |
| 100⅞ | 87¼ | Treasury 9pc 1980‡‡ | 99⅞ | ...... | 9.01 | 9.04 |
| 100⅞ | 88½ | Treasury 9½pc '80‡‡ | 100⅞xd | ...... | 9.47 | 9.39 |
| 91 | 82⅝ | Treasury 3½pc '77-80 | 90 | ...... | 3.89 | 7.13 |
| 93 | 83⅞ | Funding 5¼pc '78-80‡‡ | 92¼ | +⅛ | 5.69 | 8.09 |
| 109 | 96⅞ | Exchequer 13pc 1980‡‡ | 108½xd | +⅛ | 11.98 | 10.11 |
| 105¼ | 92⅞ | Treasury 11½pc 1981‡‡ | 105⅛ | −⅛ | 10.93 | 9.78 |
| 89⅞ | 77⅞ | Treasury 3½pc 1979-81 | 87½ | ...... | 4.00 | 7.31 |
| 101⅞ | 86⅞ | Treasury 9¾pc 1981‡‡ | 100⅞ | −⅛ | 9.73 | 9.68 |
| 109⅞ | 100⅞ | Exch 12¾pc 1981‡‡ | 109⅞xd | ...... | 11.66 | 10.16 |
| 98¾ | 90½ | Treasury 8¼pc '80-82‡‡ | 96½ | ...... | 8.81 | 9.42 |
| 87⅞ | 71⅝ | Treasury 3pc '82‡‡ | 86 | ...... | 3.49 | 6.42 |
| 115⅞ | 101⅝ | Treasury 14pc '82‡‡ | 114½ | +⅛ | 12.22 | 10.15 |
| | | **Five to Fifteen Years** | | | | |
| 15⅜ | 14 | Exch. 9¼pc 82 £15pd. | 15 | −⅛ | 9.54 | 10.01 |
| 108⅝ | 95½ | Treasury 12pc 1983‡‡ | 108⅛ | −¼ | 11.23 | 10.41 |
| 87⅝ | 72⅝ | Funding 5½pc '82-84‡‡ | 85½ | −¼ | 6.58 | 8.78 |
| 94¾ | 77½ | Treasury 8½pc '84-86‡‡ | 92⅞ | −¼ | 9.45 | 10.22 |
| 80¼ | 66¼ | Funding 6½pc '85-87‡‡ | 77xd | −¼ | 8.43 | 10.21 |
| 85¼ | 68½ | Treasury 7¾pc '85-88‡‡ | 83 | −¼ | 9.56 | 10.75 |
| 61⅛ | 49⅛ | Transport 3pc '78-88 | 58 | −¼ | 5.26 | 9.24 |
| 64¼ | 53⅞ | Treasury 5pc '86-89 | 61⅛ | −¼ | 8.20 | 10.75 |
| 109⅞ | 90 | Treasury 13pc 1990‡‡ | 106⅛ | −¼ | 12.68 | 12.58 |
| 82⅛ | 67⅛ | Treasury 8¼pc '87-90‡‡ | 79¾ | −⅛ | 10.82 | 13.85 |
| 63⅞ | 53¾ | Funding 5¾pc '87-91‡‡ | 60⅞ | −¼ | 9.50 | 11.49 |
| 105¾ | 91½ | Treasury 12¾pc '92‡‡ | 101½ | −¾ | 12.98 | 13.01 |
| | | **Over Fifteen Years** | | | | |
| 58⅝ | 53⅛ | Exch. 12¼pc '92 £35pd. | 54¼ | −¼ | 12.89 | 13.00 |
| 103¾ | 84½ | Treasury 12½pc '93‡‡ | 99⅞ | −¼ | 13.04 | 13.11 |
| 60⅞ | 51⅝ | Funding 6pc 1993‡‡ | 58 | −¼ | 10.47 | 12.01 |
| 110¾ | 96 | Treasury 13¾pc 1993‡‡ | 102xd | −¼ | 13.35 | 13.30 |
| 113⅞ | 99 | Treasury 14½pc '94‡‡ | 109⅝ | −¼ | 13.50 | 13.37 |
| 81½ | 66¼ | Treasury 9pc '94‡‡ | 74½xd | −¼ | 12.86 | 12.62 |
| 40¾ | 32⅝ | Gas 3pc '90-95 | 38½xd | −⅛ | 7.78 | 10.83 |
| 106¾ | 87 | Treasury 12¾pc '95‡‡ | 96⅞xd | −¼ | 13.14 | 13.18 |
| 78 | 66¼ | Treasury 9pc '92-96‡‡ | 75 | −¼ | 12.17 | 12.64 |
| 118⅝ | 101⅛ | Treasury 15¼pc '96‡‡ | 110½xd | −¼ | 13.73 | 13.61 |
| 109⅞ | 76½ | Exchequer 13¼pc '96‡‡ | 99¼xd | −½ | 13.26 | 13.27 |
| 39⅞ | 31¼ | Redemption 3pc 1986-96 | 37¾ | −⅛ | 7.99 | 10.69 |
| 107⅞ | 87½ | Treasury 13¼pc '97‡‡ | 103 | −¼ | 13.30 | 13.30 |
| 75⅝ | 64⅞ | Treasury 8¾pc 1997‡‡ | 72⅝ | −¼ | 12.27 | 12.71 |
| 61⅞ | 50¾ | Treasury 6¾pc '95-98‡‡ | 57xd | −¼ | 13.82 | 12.61 |
| 118⅞ | 103⅝ | Treas. 15½pc '98‡‡ | 113⅞ | −¼ | 13.75 | 13.64 |
| 81½ | 65⅞ | Treasury 9½pc 1999‡‡ | 78⅝ | −¼ | 12.50 | 12.78 |
| 35⅝ | 27⅝ | Funding 3½pc '99-04 | 33⅞ | −⅛ | 10.80 | 11.91 |
| 67 | 57½ | Treasury 8pc '02-06‡‡ | 64¼ | −¼ | 12.54 | 12.73 |
| 47½ | 40½ | Treasury 5½pc '08-12‡‡ | 45¼ | −¼ | 12.35 | 12.55 |
| 66 | 53¼ | Treasury 7¾pc '12-15‡‡ | 63¼ | −¼ | 12.64 | 12.70 |
| | | **Undated** | | | | |
| 32¾ | 26⅝ | Consols 4pc | 31⅛ | −⅛ | 13.13 | — |
| 31½ | 25⅝ | War Loan 3½pc‡‡ | 28¾xd | −⅛ | 12.03 | — |
| 31⅞ | 26¼ | Conv. 3½pc '61 Aft. | 30⅛ | −⅛ | 11.71 | — |
| 23⅞ | 20½ | Treasury 3pc '66 Aft. | 23⅛ | ...... | 13.07 | — |
| 20⅝ | 17¼ | Consols 2½pc | 19⅞ | ...... | 12.67 | — |
| 20 | 17⅛ | Treasury 2½pc | 19¼ | ...... | 13.11 | — |

## **INTERNATIONAL BANK

| 1977 High | Low | Stock | £ | + or − | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| 81 | 79½ | 5pc Stock '77-82 | 79½ | ...... | 6.36 | 10.31 |

## **CORPORATION LOANS

[illegible]

## COMMONWEALTH & AFRICAN LOANS

[illegible]

## LOANS (Miscel.)

[illegible]

## FOREIGN BONDS & RAILS

[illegible]

U.S. $ & DM prices exclude inv. $ premium

## AMERICANS

[illegible]

S.E. List Premium 46⅞% (based on $US1.7169 per £)

Conversion factor 0.6886 (0.6858)

## CANADIANS

[illegible]

S.E. List Premium 46⅞% (based on $US1.8002 per £)

## BANKS AND HIRE PURCHASE

[illegible]

## Hire Purchase, etc.

[illegible]

## BEERS, WINES AND SPIRITS

[illegible]

## BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

## BUILDING INDUSTRY—Continued

[illegible]

## CHEMICALS, PLASTICS

[illegible]

## CINEMAS, THEATRES AND TV

[illegible]

## DRAPERY AND STORES

[illegible]

## DRAPERY AND STORES—Continued

[illegible]

## ELECTRICAL AND RADIO

[illegible]

## ENGINEERING, MACHINE TOOLS

[illegible]

## ENGINEERING—Continued

[illegible]

## FOOD, GROCERIES, ETC.

[illegible]

## HOTELS AND CATERERS

[illegible]

## INDUSTRIALS (Miscel.)

[illegible]

## INDUSTRIALS—Continued

[illegible]

## INSURANCE

[illegible]

INDUSTRIALS—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

INSURANCE

PROPERTY—Continued

SHIPBUILDERS, REPAIRERS

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

TRUSTS—Continued

Finance, Land, etc.

OILS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

CENTRAL RAND

EASTERN RAND

FAR WEST RAND

O.F.S.

FINANCE

DIAMOND AND PLATINUM



## MINES—Continued

### CENTRAL AFRICAN

| 1977 High | Low | Stock | Price | + or − | Div Net | Cvr | Yld Gr's |
|---|---|---|---|---|---|---|---|
| 64 | 38 | Coronation 25c | 50 | −3 | Q5c | 8.4 | 6.7 |
| 130 | 70 | Falcon Rh 50c | 110 | +3 | †Q35c | 1.7 | 31.1 |
| 14 | 9 | Rhod'n Corp. 16⅔p. | 13 | ...... | 0.56 | 4.3 | 6.6 |
| 165 | 140 | Roan Cons. K4 | 146 | −4 | — | — | — |
| 164 | 135 | Tanganyika 50p | 136 | +1 | Q10.0 | 0.8 | 7.4 |
| 70 | 70 | Do. Pref. 80p | 70 | ...... | Q9 | 10.2 | 10.3 |
| 15 | 27 | Wankie Col. Rh.1 | 31 | ...... | Q7½c | 1.5 | 23.7 |
| 27½ | 16 | Zam. Cpr. SBD0.24 | 17 | ...... | — | — | — |

### AUSTRALIAN

| 1977 High | Low | Stock | Price | + or − | Div Net | Cvr | Yld Gr's |
|---|---|---|---|---|---|---|---|
| 20 | 10 | Acmex 25c | 10 | ...... | — | — | — |
| 127 | 58 | Bougainville 50 Toea | 106 | ...... | Q10c | 1.5 | 5.9 |
| 125 | 90 | BH South 50c | 122 | +1 | — | — | — |
| 300 | 119 | Conzinc Riotinto 50c | 300 | +5 | Q9c | 2.3 | 1.8 |
| 50 | 18 | G.M. Kalgoorlie $1 | 37 | ...... | — | — | — |
| 98 | 78 | Hamptn Areas 5p | 82 | ...... | 13 | 5.0 | 2.4 |
| 15 | 22 | Metals Ex. 50c | 23 | ...... | — | — | — |
| 25 | 13 | Metramar 20c | 24# | ...... | — | — | — |
| 242 | 188 | M.I.M. Hldgs. 50c | 234 | ...... | †Q4½c | 1.8 | 1.2 |
| 105 | 20 | Mount Lyell 25c | 35 | ...... | — | — | — |
| 2¼ | 2 | Newmetal 10c | 2 | ...... | — | — | — |
| 120 | 86 | North B. Hill 50c | 119 | ...... | †Q4½c | b2.6 | 4.7 |
| 7½ | 4½ | Nth. Kalgurli | 7 | ...... | — | — | — |
| 104 | 87 | Oakbridge SA1 | 101 | +1 | †Q9c | 1.5 | 5.6 |
| 50 | 20 | Pacific Copper | 38 | ...... | — | — | — |
| £11¾ | 725 | Pancont'l 25c | £11½ | +½ | — | — | — |
| 11 | 8 | Paringa M&Ex. 5p | 8¼ | ...... | — | — | — |
| 485 | 355 | Peko-Wallsend 50c. | 480 | −5 | Q15c | 2.7 | 1.9 |
| — | — | Poseidon 20c | 75# | ...... | — | — | — |
| 9 | 6 | Vultan Min. 50c | 8 | ...... | — | — | — |
| 157 | 110 | Westn. Mining 50c | 155 | +1 | †Q5c | 1.3 | 2.0 |
| 70 | 60 | Whim Creek 20c | 60 | ...... | — | — | — |

### TINS

| 1977 High | Low | Stock | Price | + or − | Div Net | Cvr | Yld Gr's |
|---|---|---|---|---|---|---|---|
| 39 | 22 | Amal. Nigeria | 23 | ...... | 0.93 | 8.9 | 6.3 |
| 393 | 318 | Ayer Hitam SM1 | 310 | ...... | †23.0 | 1.4 | 11.4 |
| 49½ | 25 | Beralt Tin | 49½ | ...... | 24.0 | 2.8 | 12.4 |
| 485 | 385 | Berjuntai SM25 | 475 | ...... | †Q1.5 | ϕ | 7.8 |
| 360 | 260 | Geevor | 280 | ...... | £17.87 | — | 9.8 |
| 13 | 8 | Gold & Base 12½p | 12 | ...... | — | — | — |
| 255 | 213 | Gopeng Cons. | 213xd | −½ | 13.0 | 1.9 | 9.4 |
| 77 | 72 | Hongkong | 75 | ...... | — | — | — |
| 67 | 60 | Idris 10p | 60 | ...... | 7.15 | ϕ | 18.3 |
| 10 | 7 | Jantar 12½p | 8 | ...... | — | — | — |
| 49 | 33 | Kamunting 15p | 33 | ...... | 22.5 | 1.2 | 11.7 |
| 340 | 260 | Killinghall | 340 | ...... | Q50.0 | ϕ | 14.7 |
| 255 | 223 | Malay Dredging | 223 | ...... | 11.0 | 1.1 | 7.6 |
| — | — | ‡Pahang | 27# | ...... | †Q2.5 | 0.5 | 9.2 |
| 52 | 50 | Pengkalen 10p | 51xd | ...... | 5.5 | 1.3 | 16.6 |
| 155 | 133 | Petaling SM1 | 155 | ...... | Q12½c | 10.9 | 2.0 |
| 51 | 15 | Saint Piran | 45 | ...... | †1.56 | 2.5 | 5.3 |
| 105 | 77 | South Kinta (10p) | 77 | ...... | 7.5 | 0.6 | 15.0 |
| 205 | 150 | Sthn. Malayan | 152 | +2 | 11.8 | 1.1 | 11.9 |
| 65 | 57 | Sungei Besi SM1 | 63 | ...... | — | — | — |
| *37 | 19 | Supreme Corp. SM1 | 55 | ...... | 2Q10 | — | 7.5 |
| 55 | 42 | Tanjong 15p | 50 | ...... | 4.64 | b1.8 | 14.3 |
| 67 | 45 | Tongkah Hrbr. SM1 | 63 | ...... | Q16.92% | 0.3 | 6.7 |
| 115 | 93 | Tronoh SM1 | 110 | ...... | †14.29 | 2.0 | 6.0 |

### COPPER

| 1977 High | Low | Stock | Price | + or − | Div Net | Cvr | Yld Gr's |
|---|---|---|---|---|---|---|---|
| 198 | 145 | Messina R0.50 | 164 | ...... | Q45c | 2.8 | 18.4 |

### MISCELLANEOUS

| 1977 High | Low | Stock | Price | + or − | Div Net | Cvr | Yld Gr's |
|---|---|---|---|---|---|---|---|
| 9½ | 9 | Burma Mines 17½p. | 9½ | ...... | — | — | — |
| 29 | 18 | Charterhall 5p | 27 | +½ | — | — | — |
| 107 | 58 | Colby Mines $C1 | 97 | ...... | — | — | — |
| 600 | 425 | Cons. Murch. 10c | 450 | ...... | Q140c | 1.4 | 20.8 |
| 440 | 355 | Northgate C$1 | 390 | −5 | — | — | — |
| 243 | 173 | R.T.Z. | 238 | ...... | 8.0 | q3.1 | 5.3 |
| 70 | 46 | Sabina Inds. C$1 | 47 | ...... | — | — | — |
| £14¼ | £11⅛ | Tara Exptn. $1 | £14 | −3/16 | — | — | — |
| 53 | 39 | Tehidy Minerals 10p | 43 | ...... | 1.19 | ϕ | 4.3 |
| 160 | 123 | Yukon Cons. C$1 | 155 | ...... | Q6½c | ϕ | 1.6 |

## NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures; they are adjusted to ACT of 35 per cent. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- A Sterling denominated securities which include investment dollar premium.
- • "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ✦ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. D Cover and P/E ratio exclude profits of U.K. aerospace subsidiaries. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1977-78. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1976-77. K Figures based on prospectus or other official estimates for 1976-77. M Figures based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1978. P Dividend and yield based on prospectus or other official estimates for 1977. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

"Recent Issues" and "Rights" Page 34

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £325 per annum for each security

## REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

| Stock | Price | + or − |
|---|---|---|
| Albany Inv. 20p | 20 | ...... |
| Ash Spinning | 40 | ...... |
| Bertam | 17 | ...... |
| Bdg'wtr. Est. 50p | 223 | −2 |
| Clover Croft | 21 | ...... |
| Craig & Rose £1 | 360 | ...... |
| Dyson (R.A.) | 22 | ...... |
| Ellis & McHdy | 59 | ...... |
| Evans Fr'k. 10p | 34 | ...... |
| Evered | 11 | ...... |
| Fife Forge | 65 | ...... |
| Finlay Pkg. 5p | 20½ | +1½ |
| Graig Ship. £1 | 325 | ...... |
| Hallam Sleigh 10p | 9½ | +½ |
| Higsons Brew | 80 | ...... |
| I.O.M. Stm. £1 | 153 | ...... |
| Holt (Jos.) 25p | 213 | ...... |
| Kleen-e-Ze | 42 | ...... |
| Lovell's Ship £1 | 180 | ...... |
| N'thn. Goldsmith | 26 | ...... |
| Pearce (C. H.) | 100 | ...... |
| Peel Mills | 13 | ...... |
| Robb Caledon 5p | 86½ | ...... |
| Sayers 12½p | 32 | ...... |
| Sheffield Brick | 95 | +3 |
| Sheff. Refrshmt. | 160 | ...... |
| Shiloh Spinn | 20 | ...... |
| Sindall (Wm.) | 56 | ...... |

IRISH

| Stock | Price | + or − |
|---|---|---|
| Conv. 9% '80/82 | £93¼ | +⅛ |
| Alliance Gas | 42 | ...... |
| Arnott | 245 | ...... |
| Carroll (P.J.) | 86 | ...... |
| Clondalkin | 41 | ...... |
| Concrete Prods. | 75 | ...... |
| Heiton (Hldgs.) | 27 | ...... |
| Ind. News | 55 | ...... |
| Ins. Corp. | 120 | ...... |
| Irish Distillers | 52 | ...... |
| Irish Ropes | 125 | ...... |
| Jacob | 43½xd | ...... |
| Sunbeam | 18 | ...... |
| T.M.G. | 130 | ...... |
| Unidare | 60 | ...... |

## OPTIONS
## 3-month Call rates

Industrials

| Stock | Rate |
|---|---|
| A. Brew | 6½ |
| A.P. Cement | 18 |
| B.S.R. | 10 |
| Babcock | 8 |
| Barclays Bank | 25 |
| Berry Wiggins | 5 |
| Beecham | 32 |
| Boots Drug | 12 |
| Bowaters | 16 |
| B.A.T. | 21 |
| British Oxygen | 6 |
| Brown (J.) | 17 |
| Burton 'A' | 6 |
| Cadburys | 5 |
| Cavenham | 18 |
| Courtaulds | 10 |
| Debenhams | 0 |
| Distillers | 13 |
| Dunlop | 8½ |
| Eagle Star | 11 |
| E.M.I. | 20 |
| Gen. Accident | 17 |
| Gen. Electric | 17 |
| Glaxo | 36 |
| Grand Met. | 7 |
| G.U.S. 'A' | 18 |
| Guardian | 18 |
| G.K.N. | 25 |
| Hawker Sidd. | 40 |
| House of Fraser | 8 |
| I.C.I. | 25 |
| "Imps" | 7 |
| I.C.L. | 14 |
| Inveresk | 7 |
| Ladbroke | 11 |
| Legal & Gen. | 12 |
| Lex Service | 5 |
| Lloyds Bank | 22 |
| "Lots" | 5 |
| London Brick | 5 |
| Lonrho | 8 |
| Lucas Inds. | 20 |
| "Mams" | 7 |
| Mrks. & Spncr | 10 |
| Midland Bank | 25 |
| Nat. West Bank | 22 |
| Do. Warrants | 9 |
| P & O Dfd | 12 |
| Plessey | 7 |
| R.H.M. | 5 |
| Rank Org. 'A' | 18 |
| Reed Intl. | 20 |
| Reyrolle | 12 |
| Spillers | 4 |
| Tesco | 4 |
| Thorn 'A' | 22 |
| Trust Houses | 13 |
| Tube Invest. | 30 |
| Unilever | 40 |
| Utd. Drapery | 7½ |
| Vickers | 15 |
| Woolworths | 6 |

Property

| Stock | Rate |
|---|---|
| Brit. Land | 3½ |
| Cap. Counties | 3 |
| E.P. | 5 |
| Intereuropean | 7 |
| Land Secs. | 14 |
| MEPC | 7 |
| Peachey | 6 |
| Samuel Props. | 4½ |
| Town & City | 1½ |

Oils

| Stock | Rate |
|---|---|
| Brit. Petroleum | 60 |
| Burmah Oil | 8 |
| Shell | 20 |
| Ultramar | 16 |

Mines

| Stock | Rate |
|---|---|
| Charter Cons. | 15 |
| Charterhall Fin. | 4 |
| Cons. Gold | 15 |
| Rio T. Zinc | 18 |

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES
Tuesday April 26 1977



# Rebel-held town falls to Mobutu's troops

BY STEWART DALBY

KINSHASA, April 25.

ZAIRE GOVERNMENT forces to-day recaptured the strategically important town of Mutshasha in Shaba province, according to the semi-official news agency AZAP.

The town, with a population of 5,000, was the main centre overrun by the insurgents who started their invasion of Shaba (formerly Katanga) from neighbouring Angola on March 8.

It was retaken by Government forces "supported by Moroccan troops" at dawn in the first major action of the Government's counter-offensive.

The insurgents have held Mutshatsha, which is on the Benguela railway, for one month. The backbone of the insurgent force is thought to consist of former supporters of the late Moise Tshombe, who led the Katangan secession in the early 1960s.

The town of Mutshasha about 200 kms. from the Angolan border, was the deepest point in which the Katangan gendarmes had penetrated into Shaba.

The next target of the Zairean-Moroccan forces is likely to be the town of Kapanga where eight American methodist missionaries are held under house arrest by the rebel forces.

Although AZAP said that the fall of Mutshatsha came after a "vigorous attack," the diplomatic view is that little fighting actually took place.

This would seem to be confirmed by the impressions of a group of foreign correspondents who accompanied President Mobutu from Kolwezi to Lubudi yesterday. Lubudi is the Government front line "base" about 32 kms. east of Mutshatsha.

Shaba produces almost all Zaire's copper, accounting for more than 70 per cent. of its total exports, and the recapture of Mutshatsha is seen here as an enormous psychological boost for the President.

## Weapons

Correspondents on the trip with him to the front line yesterday saw several new jeeps with some anti-aircraft guns and 50-calibre machine-guns mounted on the vehicles. There were some 105 mm. recoilless rifles, as well as many American M16 automatic rifles.

In Lubudi, they counted about 50 Moroccan troops, and possibly 200 Zairean soldiers. Part of the 1,500-strong force of Moroccans sent by King Hassan more than two weeks ago is deployed on another front farther north, aimed at the recapture of Kapanga.

Military observers said that the Government advance had been slowed because the rebels had planted mines as they retreated towards Angola. Government forces have sustained 10 fatalities in the present offensive.

This low death toll tends to support the widely-held view in Kinshasa that the insurgents are not offering resistance to the Government advance and little fighting has taken place since April 14.

Speculation is centred on the insurgents' strategy. Initially, Lieut.-Gen. Nathaniel Mbumba, President of the Front in the Liberation of the Congo (FMC) and in charge of the insurgents said their aim was to overthrow President Mobutu, who has been in power for 12 years. He denied their goal was secession for Shaba province.

Western diplomats here feel that the insurgents will now either try and operate a guerilla war in the remoter parts of Shaba, or will go in for cross-border raids in the way that the National Front for the Liberation of Angola has been allowed to do from Zaire into Angola.

The Sahara connection, Page 5

# Tax cuts likely to precede deal

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE GOVERNMENT may have to go ahead with the proposals for £1bn. of conditional income-tax cuts before waiting for full agreement from the TUC on any Phase Three pay policy.

The position results from the acceptance by Ministers that no agreement on Phase Three is likely until after the end of the trade union conference season in mid-July.

However, the Finance Bill has to become law before August 5 to allow the continued collection of direct taxes. So under the expected timetable, early July is about the latest time when amendments embodying the conditional tax cuts in the income-tax rate could be proposed at the Bill's Commons report stage.

The Government may therefore be forced to go ahead on the basis of "substantive" indications at that time provided by the talks with TUC leaders and the various conferences.

The general expectation in the City and elsewhere is that the conditional tax cuts will be proposed almost whatever happens, especially because the economic recovery is looking even more sluggish than at the time of the Budget.

This prospect, together with the frosty reception by the TUC to the Budget, has apparently increased the chance of a further economic stimulus in a summer mini-Budget as another carrot for a pay agreement.

This interpretation was being put yesterday on the comment of Mr. Denis Healey, the Chancellor, over the week-end that if the balance of payments stayed on course and if a satisfactory pay agreement was negotiated he might be able to take action to reduce the cost of living and create more jobs even before the autumn.

Mr. Healey will not know how much leeway he has within the terms of the International Monetary Fund loan until the revised Treasury forecasts of the economy and the borrowing requirements are ready in June.

Several leading City commentators have recently suggested that new borrowing estimates may provide a margin of between £500m. and £1bn. within the IMF ceilings.

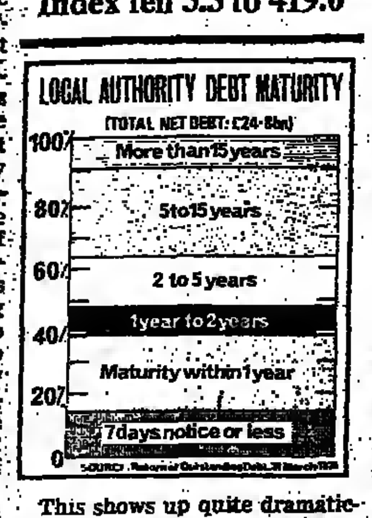
Judging by Mr. Healey's comment, action could take the form of a reduction in indirect taxes, such as cutting the higher 12½ per cent. rate of Value Added Tax—directly affecting the cost of living—or further job preservation and creation measures, especially directed at young people, and aid for construction projects.

The alternative, if a pay deal is not agreed, is that taxes might be increased, though this looks less likely in the immediate future.

## THE LEX COLUMN

# Laing shrugs off overseas loss

**Index fell 3.3 to 419.0**




John Laing's profits continued to move ahead in 1976 despite a turnround into losses on overseas construction and yet another provision against U.K. development land. Spain was sluggish last year, but it is the major Iranian defence contract—where work has apparently stopped pending a re-negotiation—that is mostly responsible for a move from profits of £3.48m. to a loss of £0.14m. overseas. In contrast U.K. profits in building and engineering have more than doubled (to £10.5m.)—presumably thanks to the way that profits are only taken after contracts are completed. Building materials have also done well, and the upshot is an overall pre-tax gain of £3.7m. to £16.25m.

The figures are after a £2.2m. provision on land values—making nearly £8m. to date—and it is a measure of Laing's conservative accounting that it charges this item to profits but is not going to consolidate a £26.5m. surplus on a revaluation of investment properties. Laing is already embarrassingly rich: net cash at the year-end of £26.8m. compares with a current market capitalisation of £48m.

The taxman, at any rate, evidently feels that Laing can afford to pay out more without prejudice to its business—which is the yardstick used when it comes to setting minimum distribution levels for a close company like Laing. In these circumstances, naturally, the Revenue has priority over the Treasury, so Laing's payment goes up by a full 90 per cent. Even so, the yield is only 4.9 per cent. at 91p.

### Local authorities

The local authorities' plans to lengthen their debt profiles, enshrined in a proposed voluntary code of practice, are less severe than the Treasury's original proposals, but nevertheless they would have a major impact on the money markets.

The increasing reliance of the local authorities on short-term money has been worrying the Treasury for some time. As interest rates have risen the authorities have moved shorter and shorter. In the final quarter of last year, half the £1.6bn. of gross "long-term" borrowing was for under a year, while only £8m. was for over 10 years. Just four years ago they were borrowing as much money of over 10 years maturity as they were of under a year.

This shows up quite dramatically in individual authorities' debt patterns. At one extreme there is the West Midlands which, according to the latest return of outstanding debt, had 78.6 per cent of its £51.8m. debt due to mature within seven days. At the other extreme, there is Merseyside where 57.4 per cent. of its debt has a maturity of 15 years or longer. Clearly there is a glaring need to introduce some uniformity into the authorities' debt profile. As the authorities turn over their debt faster and faster the chance of a possible liquidity crisis increases.

Even though the local authorities' proposals are still under discussion the implications are already being seen in the money markets. The steady stream of "yearling bonds" has started to flag.

Another area which is likely to decrease in importance as the authorities lengthen the average life of their debt is the so-called "option" money, where the lenders advance funds for a certain period but have the option to call in the loan. This has proved especially popular with the insurance companies but it means that money which was classified as long term is effectively short term and will be caught under the new proposals.

At the moment a large part of the money raised by local authorities is for just over a year, where banks, together with institutions such as the savings banks and building societies, are happy to place funds. But there is concern that as the authorities search for four and five year money these institutions may be less happy to accommodate them.

In return for securing longer term funds the authorities well have to make their b ings more negotiable tha tend to be at present. A there is likely to be Incr recourse to stock issue more long-term money m raised on a floating rate with a fixed spread over three-month inter-bank r

### Tube Investments

Boards of public com are only too willing to comment on their b sheets to meaningless gen sations, and then only they want to raise new m So the accounts from Tub vestments are a wel change in that they attem give some guidance on appropriate level of borro for the business. With representing 59 per cen stockholders funds, the cu level of gearing is consider be "reasonable": it is tow the top end of the range over the past five years, w Tubes states is the positi aims to maintain in to-c conditions.

Obviously the decision t vest in a major new plan acquisition could push this portion up in the short-t But over a longer period, T feels that it is useful to lish this kind of marker o financial performance, for own management purposes much as anything else.

In the current year, the gr should have a fair chance staying within its self impo limits. Capital spending co rise from £22m. to about £30 but working capital pressu could get some relief from lower rate of inflation in s prices and profits were on strongly rising trend towa the end of 1976. On this ba there should be no immedi pressure for another equ issue.

The other feature of report is the comment on inflation accounting expos draft, which is as hostile anything yet published by major company. Since a signi cant proportion of its assets financed by borrowing, Tub believes that the absence of a adjustment for debtors, other monetary items leads an unsatisfactory element double counting in the propos system. And it says that would be unrealistic to attem to introduce all the propos by 1979, even if they are on applied to large companies.

# Evidence that frauds are financing Ulster armies

BY GILES MERRITT

EVIDENCE of widespread fraud and extortion in Northern Ireland, centred particularly on the building industry, has come into the hands of the Financial Times.

There are clear indications that the proceeds of these rackets are going to finance the activities of both the Provisional and Official IRAs on one side, and Loyalist private armies, such as the illegal Ulster Volunteer Force, on the other.

The Financial Times has also received information that the Director of Public Prosecutions in Belfast is not to institute proceedings against former Provisional IRA detainees whose business activities have been the subject of a Scotland Yard Fraud Squad investigation.

The probe into the financial practices of building companies in the Andersonstown area grouped in the Andersonstown co-operative followed allegations by Mrs. Jill Knight, Conservative MP for Edgbaston, that "ratepayers' money is going to support the IRA."

It is understood that, after a lengthy examination of the relevant co-operative accounts and evidence collected by CID specialists seconded from London, the Northern Ireland Director of Public Prosecutions' office has decided not to press fraud charges.

The decision is expected to lead to outspoken criticism from the Conservative Party's Northern Ireland committee. Mrs. Knight is a member of the committee.

In September, 1975, she wrote to Mr. Merlyn Rees, then Northern Ireland Secretary, making a number of allegations that led to the investigation. Mrs. Knight will call on Mr. Rees to explain these "staggering allegations."

## 'Gone astray'

Mr. Michael Mates, MP, who is also a prominent member of the Tories' Northern Ireland committee, has commented: "In the field of Government finances, it is already clear that a great deal of money has gone astray in the area of housing." Mr. Mates is carrying out research on non-violent, organised crime in the province with the aim of raising alleged frauds in the House of Commons.

The recent police investigation into the Andersonstown co-operative is known to have centred on its Housing Executive contract for restoring derelict units in the Moyard flats, in West Belfast. The co-op, set up in late 1973, diversified in January, 1975, into the construction business, and has tendered for Housing Executive work on a normal commercial basis since then.

It was the forerunner for "community action" schemes that have since been adopted by the Loyalist paramilitary Ulster Defence Association, which has its Northern Ireland Co-operative Enterprises engaged on Housing Executive work. And the Official IRA, which the police believe controls the Broadway Construction concern.

In recent years, the population of "secure" Republican areas, such as Andersonstown, has jumped from 30,000 to 70,000, while habitable housing has dropped sharply.

The Housing Executive has a £100m.-a-year capital programme, but stresses that it first drew attention itself to possible illegalities concerning the co-op, which is indirectly linked to Provisional Sinn Fein.

The Director of Public Prosecutions' examination of the co-op's activities is also understood to have concerned the "self-help" group's 20-plus diversified companies, which are active in areas ranging from hairdressing to supermarkets and retailing to butchery.

Ulster's nightmare Page 20

# More talks over Hitachi U.K. plan

BY MAX WILKINSON

AN APPLICATION by Hitachi to start manufacturing television sets in north-east England is likely to be accepted if the company can meet a series of conditions.

A decision can be expected next month after the Government has had further talks with British set-makers, who are opposing the application.

One of the most important issues still to be settled is whether Hitachi will agree to use a British-made picture tube in the sets. The Government would like Hitachi to redesign its sets so that those made in Britain could incorporate the Mullard 20-AX tube.

Tubes by Hitachi are made on a slightly different principle and cannot be interchanged with the 20-AX without altering circuit design.

The Government wants Hitachi to agree to buy the British tube as part of a condition that half the components and materials of the new set should be of British origin.

It is seeking guarantees that Hitachi would use a British base to make substantial exports to Europe rather than only as a way into the U.K. market.

It also wants to ensure that the new factory would help substitute U.K.-made televisions for those at present imported from Japan.

In the first instance, at least, Hitachi probably would be restricted to a relatively small plant, no bigger than that of Sony in South Wales, which produces about 70,000 sets a year.

This week, Government advisers will be talking to representatives of the eight British manufacturers to explore their objections.

One point which the Government can be expected to put forcibly is that if Hitachi is going to expand sales in Europe anyway, the sets ought to be made in Britain rather than elsewhere.

Hitachi has made its intentions clear by helping to set up a new television tube factory in Finland. The factory, which is to make Hitachi tubes under licence, will start production next year.

There has been speculation that the company would like to send Finnish-made tubes to the U.K. to be assembled into sets.

# Print unions to see Hattersley

BY MAX WILKINSON

PRINT UNION representatives will see Mr. Roy Hattersley, the Prices Secretary and MPs to-day to discuss the possible merger of the London Evening Standard and the Evening News.

The unions hope that he may be able to intervene to save up to 2,000 jobs threatened by the plan for Beaverbrook Newspapers to sell the Standard for £5m. to Associated Newspapers, publisher of the News.

Associated plans to merge the two papers and launch a new London evening in their place. Mr. Hattersley's problem is that even if the merger does not take place, London is likely to be left with only one evening newspaper, because the Evening News is losing about £5m. a year.

Unless these losses can be stemmed, it is generally believed the newspaper will face closure.

Evening News journalists yesterday threatened disruptive action to-day if they do not receive a satisfactory answer from their management about future plans for the paper.

One main difference remaining between the two groups concerns the future of the journalists employed on the Evening Standard.

Some Beaverbrook executives, led by Mr. Charles Wintour, former editor of the Evening Standard, wanted all the staff of the newspaper to be guaranteed jobs. They claimed that the Evening Standard was a better quality newspaper than the Evening News.

But Associated Newspapers has refused to guarantee the journalists' jobs. It says that it intends to launch a completely new evening newspaper for which it will pick the best staff of the two newspapers.

If the deal goes ahead, Associated Newspapers will appoint one of its own men as editor in preference to the Standard's present editor, Mr. Simon Jenkins. Mr. Jenkins, however, would be offered a senior post in the new launch.

Relations between the two groups are becoming increasingly strained after Mr. Jenkins launched a public plea yesterday for the Standard to be saved because of its service to London and to Londoners.

Although the Standard's editorial quality is recognised and even envied within Associated Newspapers, Mr. Jenkins's remarks provoked a sharp retort yesterday.

Mr. Vere Harmsworth, chairman of Associated, said that Mr. Jenkins was quite wrong to claim that the disappearance of the Standard would leave a "yawning gap in the political and cultural life of London."

## Efforts

Mr. Harmsworth said: "It is completely at variance with the facts for Mr. Jenkins to imply that the Evening Standard has campaigned for all that could be best for London and Londoners and that the Evening News has not.

"Our efforts for the public good are a matter of record. They are appreciated by our 1.75m. readers and fully recognised by the leaders of London's many and varied communities."

Mr. Harmsworth said that the new London evening paper would be modelled on Associated's national newspaper, the Daily Mail, combining the best of both the evenings.

In a final swipe at Mr. Jenkins's newspaper, Mr. Harmsworth said: "In any new newspaper we will be looking for excellence wherever it is to be found. We will not be confined to the elitist view that it exists only in the trendier part of Camden."

# Weather

U.K. TO-DAY

SHOWERS, heavy in W., blustery in Scotland, N. Ireland. Sunny spells in England, Wales.

London, E. Anglia, Cent. Southern England, Midlands
Sunny intervals, scattered showers. Max. 13C (55F).

S.E. England, Channel Islands
Cloudy, rain at first. Brighter but showery later. Max. 13C (55F).

N. Wales, N.W. England, Lakes, Isle of Man, S.W. Scotland, Glasgow, N. Ireland
Showers, heavy at times. Gales on exposed coasts. Max. 11C (52F).

S. Wales, S.W., E., Cent. N., N.E. England, Borders, Edinburgh, Dundee, Aberdeen
Occasional showers, sunny intervals. Max. 11-12C (52-54F).

Highlands, Moray Firth, N.E., N.W. Scotland, Argyll, Orkney, Shetland
Showers, heavy at times, wintry over high ground. Gales on exposed coasts. Max. 10C (50F).

Outlook: Showers, sunny intervals in most parts.

BUSINESS CENTRES

| | | Y'day mid-day °C | °F | | | Y'day mid-day °C | °F |
|---|---|---|---|---|---|---|---|
| Alexndria. | F | 23 | 73 | Luxemb'a | D | 8 | 46 |
| Amsdm. | C | 11 | 52 | Madrid | S | 25 | 77 |
| Athens | S | 19 | 66 | Manchestr. | C | 14 | 57 |
| Bahrain | S | 25 | 77 | Melbourne | R | 15 | 59 |
| Barcelona | S | 18 | 64 | Mexico C. | S | 24 | 75 |
| Beirut | S | 20 | 68 | Milan | S | 20 | 68 |
| Belfast | F | 11 | 52 | Montreal | R | 5 | 41 |
| Belgrade | F | 11 | 52 | Moscow | F | 15 | 59 |
| Berlin | F | 9 | 48 | Munich | F | 11 | 52 |
| Brmghm. | C | 13 | 55 | Newcastle | C | 12 | 53 |
| Bristol | C | 13 | 55 | New York | C | 9 | 48 |
| Brussels | C | 10 | 50 | Oslo | S | 9 | 48 |
| Budapest | F | 12 | 54 | Paris | C | 15 | 59 |
| B. Aires | S | 22 | 72 | Perth | S | 26 | 79 |
| Cairo | S | 26 | 79 | Prague | F | 9 | 48 |
| Cardiff | C | 12 | 54 | Rio de J'o | C | 25 | 77 |
| Cologne | C | 12 | 54 | Rome | S | 21 | 70 |
| Copnhgn. | F | 7 | 45 | Singapore | S | 33 | 91 |
| Dublin | R | 10 | 50 | Stockhlm. | S | 8 | 46 |
| Edinbrgh. | R | 12 | 54 | Strasbrg. | C | 13 | 55 |
| Frankfort | C | 13 | 55 | Sydney | R | 23 | 73 |
| Geneva | C | 15 | 59 | Tehran | S | 17 | 63 |
| Glasgow | R | 10 | 50 | Tel Aviv | S | 20 | 68 |
| Helsinki | R | 3 | 37 | Tokyo | C | 19 | 66 |
| H. Kong | S | 29 | 84 | Toronto | C | 8 | 46 |
| Jo'burg | S | 22 | 72 | Vienna | S | 21 | 70 |
| Lisbon | S | 22 | 72 | Warsaw | C | 8 | 46 |
| London | C | 13 | 55 | Zurich | C | 11 | 52 |

HOLIDAY RESORTS

| | | Y'day mid-day °C | °F | | | Y'day mid-day °C | °F |
|---|---|---|---|---|---|---|---|
| Ajaccio | S | 19 | 66 | Istanbul | C | 17 | 63 |
| Algiers | S | 24 | 75 | Jersey | C | 13 | 55 |
| Biarritz | S | 21 | 70 | Las Plms. | S | 23 | 73 |
| Blackpool | R | 11 | 52 | Locarno | F | 21 | 70 |
| Bordeaux | F | 18 | 64 | Luxor | S | 30 | 86 |
| Boulogne | C | 10 | 50 | Majorca | S | 21 | 70 |
| Casablnca. | C | 21 | 70 | Malaga | S | 22 | 72 |
| Cape Town | C | 20 | 68 | Malta | S | 20 | 68 |
| Corfu | S | 20 | 68 | Nairobi | S | 24 | 75 |
| Cyprus | F | 21 | 70 | Naples | S | 22 | 72 |
| Dubrovnik | S | 17 | 63 | Nassau | S | 25 | 77 |
| Faro | S | 23 | 73 | Nice | S | 18 | 64 |
| Florence | S | 23 | 73 | Oporto | S | 18 | 64 |
| Funchal | S | 17 | 63 | Rhodes | F | 20 | 68 |
| Gibraltar | S | 20 | 68 | Salzburg | S | 12 | 54 |
| Guernsey | C | 11 | 52 | Tangier | C | 22 | 72 |
| Innsbruck | F | 14 | 57 | Tenerife | S | 25 | 77 |
| Inverness | F | 11 | 52 | Valencia | S | 24 | 75 |
| Isle of Man | C | 10 | 50 | Venice | S | 17 | 63 |

S—Sunny. F—Fair. H—Hazy. C—Cloudy. D—Drizzle. R—Rain.

# Dividend controls lifted for RTZ

BY MICHAEL LAFFERTY, CITY STAFF

RIO TINTO-ZINC Corporation, the international metals and minerals group, has been granted exemption by the Treasury from all U.K. dividend controls.

The company is accordingly to increase its 1976 dividend by almost 50 per cent. The permitted increase cannot normally exceed 10 per cent. per year.

The exemption is on the grounds that the RTZ group's trading profits and operating assets are almost exclusively overseas or based on overseas operations.

About 90 per cent. of RTZ's assets are overseas and last year the company derived 80 per cent. of its earnings and 85 per cent. of its pre-tax profits from activities abroad.

The company will remain outside the controls so long as this situation remains unchanged.

RTZ applied for dividend restrictions to be lifted about three weeks ago shortly after Inchcape, the international trading group which raised $25m. in the Eurobond market through a convertible issue, became the first big company to take advantage of the exemptions under this category.

Similar relaxations have been made by the Treasury in a few other cases.

RTZ said yesterday that its exemption was "very generous." The company had not applied for a similar relaxation in previous years.

As foreshadowed in the company's preliminary results for 1976, issued earlier this month, the RTZ directors now recommend a final Ordinary dividend for 1976 of 4.82p per share instead of the 2.78p already recommended. This makes a total of 8p for the year.

News that the dividend relaxation had been granted pushed up RTZ's shares 7p to 245p—the highest level for the year—but they slipped back to end unchanged at 238p.

● SICOVAM, the official French nominee agency holding company, said yesterday that it held 7.83 per cent. of RTZ's Ordinary shares on behalf of many shareholders.

# Left and Right launch attack on prices Bill

BY RICHARD EVANS, LOBBY EDITOR

THE GOVERNMENT faces a dual attack on its Prices Commission Bill in the Commons to-morrow after the tabling of amendments last night by the Conservative Party and the Left-wing of the Labour Party.

The Tories tabled a reasoned amendment attacking the legislation for establishing a system of price control that would discourage investment and destroy jobs without any genuine benefit to the consumer.

The Tribune Group's amendment declined to give a second reading to a Bill that extended the legislation on breach of contract by employers and which failed to achieve an adequate curb on price increases.

Although on paper opposition from both the Tories and the Labour Left would defeat the Bill, neither group is likely to vote for the amendment of the other.

The Tories said they would not vote against the Bill as this could be misinterpreted as lack of enthusiasm for the containment of prices.

Nevertheless, the strength of opposition in a Parliamentary situation where the Government is in a minority means that the Bill could face considerable difficulties during its line-by-line committee stage in the summer.



Registered at the Post Office. Printed by St. Clement's Press for and published by the Financial Times Ltd., Bracken House, Cannon Street, London EC4P 4BY.